Daily Report

Latin America

FBIS-LAT-95-248
Wednesday
27 December 1995

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Cuba

Commentary Views U.S. Use of Drug Struggle

PA2712004195 Havana Radio Rebelde Network in Spanish 1255 GMT 21 Dec 95

[Commentary by (Eduardo Viam) from the "Our Opinion" segment of the "Doing Radio" newscast]

[FBIS Translated Text] I believe it is a proven fact that in its relations with Latin America and other countries of the world, the United States is using the drug struggle the same way it did before the ghost of communism. Consequently, the DEA has become an institution that judges and decides the good behavior of many states, and those who do not fulfill its orders are threatened with an economic blockade, are denied loans, and their politicians are harshly criticized by the media from the empire and the rest of the international press.

The Bolivian case may be the best example. The government of that country, going against its own interests, has been forced to fight the traditional coca leaf crop, under the threat of suffering a severe reprisal. It was forced to create social situations, to arrest peasant and union leaders, and to send them to remote areas of the country, when in reality the cultivation is not the problem. The problem lies in the processing of coca leaves, which the peasants do not carry out; instead, this activity is carried out by large drug trafficking organizations, the bosses of which in many cases walk on the streets of U.S. cities without being disturbed.

As you know, the United States and Europe are the largest consumers of that and other drugs and are also the places where more drug money is laundered. We should point out that drug trafficking has an enormous capability to corrupt authorities, and it has managed to penetrate the political and police structures of Latin America, the United States, and Europe.

Specific situations involving DEA agents have made us believe that not even it is exempt from being corrupted. It is widely known that both DEA and CIA agents have taken part in and participated in that business or, at least, tolerate it. I wonder if U.S. politicians, always in need of money, have not been corrupted as well. I believe an in-depth investigation in Miami, for example, would yield very interesting information about those ties.

I remember the saying that vestal virgins were not as virgin as they looked. I say this remark, because accusations of corruption or ties to drug trafficking automatically appear every time a Latin American politician makes statements or implements policies the U.S. Government dislikes. It must be correctly understood: I am not saying these relationships do not exist, but there are others who maintain these types of relationships and are not accused.

The last case is the one involving Colombian President Ernesto Samper. Before assuming the NAM [Nonaligned Movement] presidency and stating the need to strengthen its principles, Samper had questioned the effectiveness of the neo-liberal model and highlighted the importance of strengthening the role of the state in guiding the economy. This assertion challenged the U.S. policy.

Accusations against the president automatically increased, stating he had received money from drug traffickers for his electoral campaign. Incidentally, these organizations have been severely repressed under Samper's leadership, and its main leaders are in prison today.

In recent days, a Colombian congressional committee acquitted Samper, who had requested an investigation of himself. I believe this decision should be respected. Robert Gelbard, U.S. assistant secretary for international narcotics affairs, said immediately afterward that the committee's ruling was not serious and lacked credibility.

Meanwhile, Myles Frechette, U.S. ambassador to Colombia, has said his government would respect Gelbard's position, which, in fact, represents an endorsement of it. The Colombian Government has not presented a protest, meaning the U.S. Government will continue exerting pressure to prevent Samper from governing and will continue questioning his legitimacy in the eyes of the international public opinion.

Evidently, the mechanisms of imperial coercion are now stronger than ever, but the old saying at this point that he who has a glass roof should not throw stones at his neighbor is applicable. It is yet to be determined what part of the imperial roof is the weakest, because it certainly exists.

Reportage on National Assembly Meeting

ANPP To Hold Regular Sessions

PA2312013795 Havana Radio Havana Cuba in Spanish 0000 GMT 19 Dec 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The National Assembly of the People's Government [ANPP] will hold regular sessions beginning 23 December. Among the important issues up for discussion at the session are the national budget and the economic plan for 1996.

The Cuban legislative branch has given special attention to the country's economic situation during the

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past years, hence the importance of the discussion of these two issues. [Words indistinct] in the process also demonstrates that recently implemented economic measures have yielded achievements that allow positive forecasts in this area.

Discussion of the budget will allow an evaluation of the results stemming from the adopted fiscal measures. In general terms, the economic measures implemented in the country during the past two years yielded a 2.5 percent growth in the GNP, a result which is less than the people's expectations. Nevertheless, it demonstrates that effective steps are being taken to overcome the present limitations. To these results we add an important reduction in the budget deficit and excess liquidity. [Words indistinct] appropriate to remember that following the collapse of the socialist bloc and the disintegration of the Soviet Union, the blow the Cuban economy sustained was such that it was [words indistinct]. It is virtually impossible to achieve development [words indistinct] without supplies and markets.

If we are now able to present an economic and social development plan, it means we now have enough reserves and stable indicators to seek a moderate and planed growth, at least in the main sectors. Of course, this plan cannot be compared to the previous ones during those years when the country was receiving provisions and stable financial aid. It was possible in those days to forecast production results in more detail; nevertheless, this will demonstrate that the Cuban economy is finally achieving regular growth thanks to its own efforts.

Another aspect to be discussed at the ANPP session is the document regulating that government branch. There is a need to modernize and update it in accordance with the resolution on the people's authority and democracy, as approved by the fourth Congress of the Cuban Communist Party.

The various permanent committees will meet on 23, 24, and 25 December as a prelude to the session. In the majority of the cases, the committees will review their activities since the last session. In fact, the various committees have met and visited their respective branches and organizations as well as carried out popular meetings to discuss issues of interest to society. This mechanism is a way of ensuring the true function of the Congress; that is, to listen to the concerns of the people.

The regular session will also enable the promotion of ideas to commemorate the 20th ANPP anniversary next year. This anniversary will be celebrated at a time of real changes in the communities: The reorganization of the people's authority with their participation in the solution of problems the country is experiencing.

Commissions Discuss Topics

PA2612194595 Havana Radio Havana Cuba in Spanish 0000 GMT 25 Dec 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] This weekend, six commissions of Cuban legislators discussed key economic, [words indistinct], services, educational, scientific, and cultural topics with a view to the upcoming meeting of the National Assembly of the People's Government [ANPP] scheduled for 26 and 27 December.

Osvaldo Martinez, president of the Economic Affairs Commission, indicated that the ANPP confirmed a 2.5-percent growth in GDP, considered as an indicator of general recovery. The same team debated the 1995 budget and the 1996 budget bill, bearing in mind that the deficit was reduced to 775 million pesos, that is, 225 million pesos less than the figure predicted a year ago.

Despite the shortages and hardships still being faced by the country, the educational, scientific, and cultural commissions agreed on the state's potential to continue guaranteeing services in these areas to the entire population. Another topic discussed by Cuban legislators dealt with the maintenance and construction of housing in 1996.

Session Approves Economic Program

PA2712023195 Havana PRENSA LATINA in Spanish 0035 GMT 27 Dec 95

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 26 Dec (PL) — Cuba's National Assembly of the People's Government (parliament) concluded its ordinary session today, after approving the economic and social program and the budget for 1996.

When he gave the closing speech, Ricardo Alarcon, president of the legislative branch, extolled the country's economic advances and exhorted people to continue this positive evolution. He said this will be possible "in the measure we are able to continue resisting," referring to U.S. pressures.

Alarcon congratulated the people for the coming New Year and said we enter 1996 "with the conviction that we have risen up to our history and that we will be able to work and save, especially, with the cohesion and unity of the revolutionaries and of all the people."

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The parliament decided to proclaim 1996 the Centennial of the Fall of Antonio Maceo in Combat, in honor of the Cuban independence hero, and approved the law decrees issued by the Council of State during the plenary's recess.

The approved economic and social program includes among its main guidelines for next year the reaching of a 5 percent increase in the gross national product, thus duplicating the one achieved in 1995.

Equally, investments will increase approximately 27 percent, and emphasis will be given to tourism, the nickel and fishing industries, electricity plants and networks, as well as to the construction of 50,000 houses.

Furthermore, the program estimates a 25 percent reduction in the budget deficit compared to 1995, the reduction of subsidies for losses to firms, and the decrease in production costs.

The program stipulates a sugarcane harvest of 4.5 million tons, which is somewhat more than a 35 percent increase over the previous harvest and requires the sector to make a serious effort to achieve a significant recovery.

The approved budget designates 12.222 billion pesos (equal to the dollar at the official exchange rate), out of which 58 percent are assigned to social services and other activities, as the total expenditures.

The allotments for education, health, and social security and assistance have been increased, as have been the allowances assigned to housing and highway maintenance and community services. These allotments cover two-thirds of the current expenditures.

During the budget debates, several delegates intervened to note that tax collection had to be scrutinized as much as possible, because it is a source for state revenues that will be used to cover social activities and as an expression of the necessary social discipline.

President Fidel Castro stressed the need to apply existent regulations to tax the profits made by self-employed workers who make more in one single day than the monthly wage of one worker.

After observing that this tax is the most equitable one that can be applied, he said taxes in a socialist state in general have the objective of redistributing wealth more equitably and, in this case, stopping a new, inordinately rich class from arising.

Castro recalled that minimum taxes had been imposed on the utilities of firms and the income of individuals, including gradual taxes on the activities of self-employed workers, so as to counter social inequalities.

In another part of his speech, Castro criticized the construction and sugar sector for not complying with their production goals, which had negatively affected the economy in general in 1995.

Economy and Planning Minister Jose Luis Rodriguez pronounced himself in favor of strict compliance with the tax law, because it will allow the state to collect important revenues and to render basic services such as health, education, and social security.

On this same issue, Alarcon said the payment of taxes in Cuba is done in a society without corruption and is required to continue developing amid the difficult conditions posed by the U.S. siege.

The legislative plenary also agreed to postpone the debates on the new regulation for the operation of the parliament for the next period of sessions so as to allow its members to further consultations on the issue.

Foreign Minister: Nation Not To 'Renege' on Past

PA2312013995 Havana PRENSA LATINA in Spanish 0047 GMT 22 Dec 95

[FBIS Translated Text] Havana, 21 Dec (PL) — Foreign Minister Roberto Robaina said today that Cuba does not renege on its past or present and that those who think Cuba wants to exchange them for foreign solutions are wrong.

During a meeting with foreign correspondents accredited in Cuba, Robaina made an assessment of the work the Foreign Ministry conducted with the media during 1995. He said a false image of the country is sometimes cast when personal interests are mistaken for realities or when words are misinterpreted.

He added: Everything we have done, including reforms, changes, and our persistence in particular, was intended to preserve the revolution, to preserve the best achievements, and to attain competitiveness and levels of efficiency in agreement with the world's new realities.

Robaina spotlighted Cuba's efforts to preserve the highest possible degree of social justice and equity, "in particular—and I wish to stress this point—to have a more Cuban-like socialism."

Elsewhere in his remarks, Robaina asked those who disagree with these definitions to refrain from cheating the public with schemes of reform or transitions that are out of place in Cuba "in particular because they are not genuinely Cuban."

He also said that 1995 was a year during which the country continued to reinforce all the structures pertaining to the media and that the country expects that

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this essential service, which it needs to attain a higher degree of progress in the transformations, will not be used to harm the country.

He also said: I would like to stress this point. The doors of information will be opened in proportion to the use made thereof. Robaina said a respectful and professional relationship between Cuban authorities and foreign journalists is getting stronger and stronger.

He also said: I know that this bothers some people outside Cuba and that some of them call you people names. Some drunk or revengeful people even had the foolish idea of describing you as sold-out or abject when you reported even half-objectively.

Finally, Robaina recognized the effort of the Cuban journalists. "These reporters, he said, do feel committed and are responsible enough to try to be scrupulously ethical and objective although they do not enjoy the material satisfactions others enjoy."

Finance Minister on Budget Deficit Reduction, Economy

PA2212215795 Havana Radio Havana Cuba in Spanish 0000 GMT 19 Dec 95

[Report on interview with Finance and Prices Minister Manue' Millares by Marianela Samper in Havana; date not given; from the "Evening Information Review" newscast — recorded]

[FBIS Translated Excerpt] [Samper] In the past 12 months the Ministry of Finance and Prices implemented the measures that the Parliament had approved in June 1994 and gradually applied the taxes specified in the tax law, especially during the second half of the year.

We closed 1993 with a deficit of 34 percent of the GDP, after having lost our import and export markets in Eastern Europe, as we struggled to maintain the social justice premises that guaranteed employment under certain circumstances at national enterprises.

As a result, a set of measures were implemented to hone domestic finances, including the decriminalization of foreign currency possession, the increase of foreign investments in nearly all sectors of the economy, the distribution of land for the use of the families, the creation of agricultural and industrial markets in which the law of supply and demand reign supreme, and the emergence of the self-employed, who already number about 208,000 throughout the country.

Finance and Prices Minister Manuel Millares Rodriguez commented on budget deficit reduction and on other aspects of our economy:

[Begin recording] [Millares] Those measures allowed us to reduce the state budget deficit by 72 percent in 1994. The deficit was 7.4 percent of the GDP. In 1995, the Assembly approved a budget that established a deficit ceiling of 1 billion pesos. According the 30 November results, this deficit should not exceed 800 million pesos [words indistinct] the 1995 budget deficit. This reflects a 40-percent drop in comparison to the previous year and this is nearly 15 percent [words indistinct]. We also reduced [words indistinct] under 5 percent.

We are presenting the 1996 budget to the National Assembly or Parliament. The deficit will be even lower [words indistinct] much less than 3 percent of the GDP. We have a reasonable deficit level. We are working on a balanced budget by 1997 [words indistinct].

We achieved this despite limitations [words indistinct] but have maintained basic activities; we have managed to keep all schools open; there is full medical coverage throughout the national territory. I am talking about the most remote places [words indistinct]. More than 1.2 million retirees have received their pensions in a timely manner.

We have maintained the country's defensive readiness — in other activities — we have been [words indistinct]. Next year we expect to increase funds for education; and will increase funds for public education by 7 percent. We plan to meet, as we have done so far, new requests for retirement and also to maintain [words indistinct].

[Samper] You said that a balanced budget is expected for 1997. What prerequisites are necessary to achieve this balance when there is now a huge deficit?

[Millares] One of the reasons that I think that we will reduce the deficit is that we will implement a very demanding and restrictive policy toward the granting of subsidies to state enterprises. We have reduced such subsidies considerably. We reduced [words indistinct] by 40 percent in 1994 and reduced them by 40 percent in 1995, and we will [words indistinct] in 1996. We think that we are granting a reasonable number of subsidies to state enterprises. This is a first basic factor.

The other one is that public expenditures for social services [passage indistinct] levels of education, health, and social security, which are the main expenditures of our budget. We want to increase revenues by increasing production and yield at state enterprises, and of course, through tax collection.

[Samper] [Words indistinct].

[Millares] Yes, of course, I think that [words indistinct] important. I think that the [words indistinct] management of budgets by local governments had an influence

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on the favorable outcome regarding the budget. That is, more autonomy has been granted to provinces and municipalities to manage their budgets in such a way as to ensure that they have greater decisionmaking power to assign resources to those aspects that are more important and urgent to their localities. This had a bearing on the final results that I already mentioned.

[Samper] How has the [words indistinct] linked to liquidity behaved this year in comparison to previous ones [words indistinct]?

[Millares] [Words indistinct] among the measures was an increase in prices [passage indistinct] allowed us to reduce money available to the population by 25 percent in the past 18 months in comparison to when we started to apply the measures in June 1994. This pertains to money in circulation and the personal savings account held by the people. We managed to reduce cash in circulation by 33 percent. Thus, we withdrew one in every three pesos that was in circulation in early June 1994. I think that this was significant and important because this set of measures [words indistinct]

[Samper] [Words indistinct]

[Millares] The tax system has its advantages because higher taxes are levied on [passage indistinct] must also improve product supply. [passage omitted] [end recording]

Science, Technology Forum Evaluates Standing, Outlook

PA2612221995 Havana Cuba Vision Network in Spanish 0100 GMT 22 Dec 95

[Report by Jose Luis Rumbao and unidentified reporter in Havana; from the "NTV" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] The 10th National Science and Technology Forum is considered a triumph of the revolution and a result of the united, cooperative, and responsible action of those who comprise it. The forum will end this evening following two days of sessions with the participation of Commander in Chief Fidel Castro. This newscast begins with a report on this event.

[Rumbao] The plenary session was opened by Eugenio Mainegra, coordinator of the movement, with an evaluation of the Science and Technology Forum's current standing and future outlook. The issue of services to the people entailed a debate on solutions to the difficult problem regarding refrigeration. The Domestic Trade Ministry [words indistinct] compressors are the main problem:

[Unidentified speaker] "If the country could [words indistinct] create the necessary groundwork to seek a better recovery and, based on what Miret has asked us, once more create conditions in the workshops and train personnel or bring back personnel that have left. We have lost personnel; the workshops have lost qualified personnel. There is a shortage of technological experience.

[President Fidel Castro] "And where are they?

[Unidentified speaker] "They are either self-employed or were relocated to other agencies. Basically, the work is well paid in the self-employment sector. Someone mentioned 800.... [Castro, interrupting] "What elements do they have to make the repairs?

[Unidentified speaker] "Many times, when we discuss this issue in depth, we realize our own workshops supply many things.

[Castro] "What?

[Unidentified speaker] "We are studying this issue in depth and are studying this issue in depth in each territory. We realize the suppliers of many elements.... [pauses] I do not mean all of them, because there is work the men can carry out to recover and extend the equipment's life a little bit, but sometimes we are the suppliers of the necessary resources to carry out this type of activity. That is another reality.

"Nevertheless, I was telling you about the 60,000 [not further specified]. If we manage to purchase 60,000 and if the pyramid is inverted—instead of recovering 30 we recover 70—what would happen? We would have approximately 105,000 motors to provide solutions, given we have between 300,000 and 316,000 with problems."

[Reporter] Many issues pertaining to the pharmaceutical and biotechnology industry were discussed in the last session. The participants reviewed the work being done with acupuncture, herbal medicine, and health. Castro issued an appeal to double efforts due to the critical health situation in Central America:

[Castro] "The appearance of a new disease or the virulence of a new disease is a serious phenomenon. This point covers the Ebola issue over in Africa [words indistinct] phenomenons in Central America. I read a cable report today that stated the cost of eradicating cholera in Latin America would total $200 billion. Just imagine, not $200 million, not $2 billion, but $200 billion. I believe international health organizations [words indistinct] researchers have explained that [words indistinct] find vaccines for cholera, leptospirosis, and AIDS."

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[Reporter] The work has yet to end, but they are in an advanced stage of development. The director of the Genetic Engineering Institute has announced they are working on two vaccines that do not exist in the world, one against Hepatitis C and another against dengue.

Panel Discusses Contributions to Militias

PA2612031895

[FBIS Editorial Report] Havana Cuba Vision Network in Spanish at 0300 GMT on 20 December broadcasts a 48-minute panel discussion, during its "Open Agenda" program, on the use of contributions for the Territorial Troops Militia, MTT. Panel members include Francisco Duran, a member of the National Secretariat of the Cuban Workers Federation, CTC, Colonel (Miguel Viamontes), chief director of the Ministry of the Revolutionary Armed Forces, FAR, and host Antonio Resillez.

Resillez says figures will be disclosed for the first time in the 15 years that Cuban workers have been contributing millions of pesos to the MTT. Duran cites the voluntary nature of these contributions. He says: "Only 3.5 percent of Cuban workers in 1995 did not commit themselves to making these contributions compared to the vast majority, 96.5 percent, who made this commitment."

FAR Chief Director (Viamontes) says "a total of 395.5 million pesos have been collected for the MTT as of December 1994; that is, 86 percent of all the expenditures involved in training and equipping the MTT." He says "it is very significant that collections have been larger than workers' initial commitments," adding that "the largest contributions were made during the special period. For instance, there was a record of 36.6 million pesos in contributions in 1991."

Resillez says worker Osvadlo Diaz had proposed the idea of contributing to the MTT in December 1980 during the second congress of the Communist Party of Cuba, PCC.

Resillez asks (Viamontes) about how these 395.5 million pesos were spent. (Viamontes) says: "A larger amount has been spent, approximately 471 million pesos, of which approximately 65 million came from the FAR budget. The FAR still pays for this 14 percent of MTT expenditures." The colonel says "195.4 million pesos were spent in purchasing weapons, communications, clothing, and spare parts, mainly during the early years of the MTT in response to the Reagan administration in the early 1980's." He added that "191.1 million pesos were spent on basic resources, such as firing ranges and weapons, for study and preparation. For the acquisition of materials for the reserves in neighborhoods, 41.1 million pesos were spent, and 33.1 million pesos were allocated for construction, repairs, and equipment for 14 provincial schools for defense preparation."

Duran terms the value of workers as "pillars of the Cuban Revolution as a working and ruling class." He also cites the support of "the young generation; for instance, the Organization of Jose Marti Pioneers, which has set a goal of over 325,000 pesos for this year, the Federation of Secondary School Students, and the Federation of University Students." In addition, Duran notes the participation of "people's organizations such as the National Association of Small Farmers (Asociacion Nacional de Productores Pequenos), the Committees for the Defense of the Revolution, CDR, and the Cuban Women's Federation." He adds that "the professional and permanent staff of the FAR and Interior Ministries contribute three days wages instead of just one." He says "the employees and diplomatic staff of the Foreign Ministry make their contributions in freely convertible currency."

Resillez says "Raul Castro, FAR minister and PCC second secretary, had signed in September 1995 reforms to the control and allocation systems of the contributions to the MTT." (Viamontes) says "the objective of these reforms was to update the regulations established in 1982." According to (Viamontes), "the most significant point is that the reforms link the people's contributions in each territory with the expenditures made in that territory. The territory is now considered a municipality, whereas previously all the people's contributions went into a centralized account. The new system provides for the funds to remain in the municipality so as to help finance the municipality's expenditures pertaining to the MTT. The degree of the municipality's readiness for defense is measured by the degree of self-financing of MTT expenditures."

Resillez expresses his concern about the implications for the scarcely populated municipalities. (Viamontes) says "in these cases, the FAR budget helps to finance MTT expenditures so as not to leave the municipality MTT without the necessary preparation."

Commenting further on the contributions that were made during the first half of 1995, (Viamontes) says: "As of 30 September, 94 percent of the estimated contributions have been collected for a total of 24.6 million pesos," adding "for instance, Matanzas, Sancti Spiritus, Ciego de Avila, Las Tunas, and Guantanamo Provinces have already met their commitments. Havana Province has already made 99 percent of its contributions while the other provinces have already contributed more than 85 percent of their commitments." He says "the federations, the CDR's, and the Organization of Jose Marti Pioneers have already contributed more than 73 percent

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of their commitments." He also says the National Association of Small Farmers has already contributed 104 percent of their commitments." He adds: "All these contributions have helped finance 54 percent of total MTT expenditures for 1995."

Duran comments on another report made by Raul Castro in the first quarter in 1995 regarding a work team, headed by General Sixto Batista, that visited nine of the 14 provinces. This work team found certain deficiencies, such as a lack of esprit de corps and motivation." Duran says "the union agreed these deficiencies were present," adding "it is important for workers to know how their contributions are used." He spotlights "the value of the people's contributions to finance the MTT."

Resillez then questions how long these contributions will be required. (Viamontes) asks: "How long will imperialism last? How long will we have to face the imperialist aggression?" He says "the people's contributions have a political and economic connotation." He asks: "In case the Torricelli and Helms-Burton bills are not effective, what will come next?" He says: "We have to be ready, because the U.S. Government would not resignedly accept living with a revolution that is only 90 miles away from its territory. The Cuban people have to be ready for any war situation." He says "we work for peace and want to win the war." He further adds: "The best way to win the war is by avoiding it. Undoubtedly, the Cuban people's and FAR's readiness is a significant factor to dissuade the enemies from attacking Cuba."

Dignity Battalion Surveillance Efforts Highlighted

PA2512015095 Havana Radio Rebelde Network in Spanish 1255 GMT 20 Dec 95

[Report by Lucy Gisela; from the "Doing Radio" newscast]

[FBIS Translated Text] Today I want to talk about the work being done by the dignity battalions in the Santa Fe coastal zone here in the capital, given the necessary surveillance duties they must carry out during the festivities. The groups participating in the Single System of Surveillance and Protection, such as the PNR [National Revolutionary Police], the delegate, the defense committee, and others here in Santa Fe have been able to fight criminals trying to disturb citizens tranquillity, one of our principal achievements.

Let's listen to Lieutenant Colonel Elio Miranda, chief of Territorial Unit No. 1 in Playa Municipality, who talks about how these groups go about their activities:

[Begin recording] [Miranda] The members of the battalions meet each day. The group that will be in charge of the surveillance shows up at the police station, where it receives all of the operational information and details of police interest. They are also given the names of any sought-after person.

[Gisela] It is evident that crime has dropped in this territory following the reappearance of the battalions?

[Miranda] Yes, evidently. Just months after these battalions were created, we can say that in June we went almost 26 days without a crime being committed. The companeros really worked with great enthusiasm. We not only had police surveillance on the streets, but we also had a neighborhood watch, which we need these days to prevent crime. [end recording]

What goes on in Santa Fe neighborhood and Playa Municipality shows how the members of the system are able to maintain the necessary balance that allows our people to carry out their everyday activities.

General Rosales del Toro Attends FAR Tactics Meeting

PA2212194095 Havana Radio Rebelde Network in Spanish 1800 GMT 16 Dec 95

[Report by Maria de las Nieves Gala from the "National Radio News" newscast]

[FBIS Translated Text] Division General Ulises Rosales del Toro, first vice minister of the Revolutionary Armed Forces of Cuba [FAR], is attending the ninth meeting on FAR tactics being held at the Western Army's General Staff installations.

Experiences and ideas that emerged during the tactics maneuvers, called 39th Anniversary of the Granma Landing, which ended yesterday in Western Army territory, were discussed during the full session of the ninth meeting on FAR tactics. Among the proposals that were presented was the reappearance [desconservacion] and rejuvenation of a tank battalion back to its full fighting capacity.

Raul Valle Valdez, chief of staff of the Western Army, said the most important thing is that the drills practiced during the last few years were implemented. They also tested how tanks that had been stored for four years were able to maneuver and fire accurately.

In another part of the analysis, Division General Ulises Rosales del Toro, chief of the General Staff of the FAR, said that one of the important things here is the preparation of the chiefs of the small regular units and reserves. He insisted on the increasing need to prepare for night combat.

In this full session of the ninth meeting on FAR tactics, which was held simultaneously with the maneuvers,

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officials from five commissions presented their final reports, thereby enriching the concept of Cuban military doctrine. High ranking officers of the FAR as well as representatives of the Central and Eastern Army, among others, were present.

Commentary on Results of Russian Elections

PA2212195195 Havana Radio Rebelde Network in Spanish 1255 GMT 19 Dec 95

[From "Our Opinion" commentary by Eduardo Dimas; from the "Doing Radio" newscast]

[FBIS Translated Text] [Words indistinct], Russian President Boris Yeltsin's adviser, stated yesterday, when he heard the first results of the elections of the Duma or lower chamber of the Russian Parliament, that the Russian leaders will have to learn the consequences and correct the course of the economic reforms because the poor cannot become even poorer. He added that last Sunday's elections should be considered a lesson to the democratic parties. Yeltsin's adviser was referring to the victory scored by the Communist Party of the Russian Federation, which garnered 22 percent of the vote. Although this figure does not imply an overwhelming victory, it does place that political party in the lead.

The Liberal Democratic Party, led by ultranationalist Vladimir Zhirinovsky, obtained the second place with 11.2 percent of the vote. Our Home is Russia, led by Prime Minister Viktor Chernomyrdin, came in third with 9.5 percent, while the Yabloko movement, led by economist Grigory Yavlinsky obtained the fourth place with 8.4 percent.

Thus far yesterday, it was not known whether the reformist party Democratic Choice of Russia, led by former Prime Minister Yegor Gaidar — one of the founding fathers of the economic reform, had garnered 5 percent of the vote, which would entitle this party to have representatives in the Parliament. The remaining 43 parties or political organizations do not stand a chance.

The figures I have mentioned were revealed last night when 63 of Russia's 89 regions had already been tallied. Although these figures might vary, this trend will remain approximately the same. Some observers believe that this vote reflects a vote of punishment for the parties and leaders that have promoted the economic reforms to make the transition from socialism to capitalism rather than a relative victory for the Communists. These observers might be right, because this trend is becoming evident in each one of the former socialist countries: The rejection of shock economic formulas designed to change stages, without considering their effects on the people. This is proof that perhaps, it is easier to move from capitalism to socialism because it is more logical and less cruel for most of the population.

However, we cannot overestimate the victory of the Russian Communists. For instance, they will have to seek alliances in the lower chamber to be able to control it. At most, they will have approximately 100 representatives of the 450. We must also remember that the Russian Constitution grants the president full powers, which means that Yeltsin will be able to continue ruling with or without Duma support. In the Russian case, we must wait until the June 1996 presidential elections to know what are the real trends.

I believe that if anything prevails, after the excitement and hopes run out, it is a more rational and logical thought among the population of the former socialist countries. They simply lost everything without gaining anything in exchange. At this point and under their current circumstances, it would be difficult for them to return to their former situation, because they do not want the socialism they knew. However, they are not pleased with their current situation either.

If they want my opinion, I would tell them that in many countries, nothing has been written about the political system these nations want. Disappointed with a badly led and misguided socialism and encouraged by the propaganda and treachery of some, they opted for an underdeveloped capitalism, and they are unhappy about it now. The results of recent elections in Bulgaria, Poland, and now Russia, are eloquent proof. The only problem here is that at this point, it would be extremely difficult to go back.

'Close Collaborator' of Fidel Castro Passes Away

PA2512043295 Havana PRENSA LATINA in Spanish 1626 GMT 24 Dec 95

[FBIS Translated Text] Havana, 24 Dec (PL) — Jose A. Naranjo Morales, a prominent revolutionary and close collaborator of President Fidel Castro since the times of the insurgent struggle, was buried in Havana, an official press note reported today.

"Pepin," as he was affectionately called, held diverse state and party posts, including being in charge of the coordination and support team for Fidel Castro for 15 years, during which Naranjo Morales distinguished himself for his diligence, the communique underscored.

Naranjo Morales died of a heart attack at the age of 66 on the evening of 22 December.

Since a youth, the note recalled, he had an outstanding revolutionary record, he combated the tyranny of dictator Fulgencio Batista as member of the 13 March

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student leadership group, along with its leader, Jose Antonio Echevarria. Naranjo Morales later joined the rebel army's Frank Pais 2d Eastern Front.

He was founder of the Communist Party of Cuba and member of its Central Committee since its creation in October 1965.

Roundup of Politburo Members' Activities Through 22 Dec

PA2212144495

[FBIS Editorial Report] The following is a compilation of reports on the activities of Cuban Communist Party Central Committee Politburo members monitored through 22 December.

Since 14 December, Jose Machado Ventura is touring sugarcane and agricultural fields in Camaguey Province. At the Panama Sugar Mill, he voiced interest in knowing the progress of the repair program. He asked workers what the difficulties and the existing needs were. At the Ruta Invasora Rice Complex, he also learned of the production process and called attention to the need to achieve higher yields. (Havana Radio Rebelde Network in Spanish 1255 GMT 15 Dec 95)

Jose Machado Ventura toured for two days sugar mills and potato fields in Camaguey Province. He also talked to the directorate of a rice complex there. In Vertientes municipality, he said: These figures are good as compared to previous years' figures; however, in those years the yields were poor. On his second day of tour, he talked to workers of the Lenin Mechanical Production Enterprise, where sugar combine engines are being repaired. (Havana Cuba Vision Network in Spanish 0100 GMT 16 Dec 95)

Dr. Carlos Lage carried the flag of the three brigades making up the modernizing unit of the Sur del Jibaro rice company. This is how these forces are reactivated. The increase in rice production for the national self-supply of the grain will depend on these forces. (Havana Cuba Vision Network in Spanish 0100 GMT 16 Dec 95)

The details of the repair works being done at the 3d Unit of the Carlos Manuel de Cespedes Thermoelectrical Plant interested Dr. Carlos Lage during his visit to the plant located in Cienfuegos. He also learned of the reasons of the successful beginning of work by the plant, including the mechanization of certain activities and the complete maintenance works. (Havana Radio Rebelde Network in Spanish 1255 GMT 18 Dec 95)

A group of 24 outstanding teachers from around the country today met with the Education, Science, Culture, and Sports Department of the PCC Central Committee. They also met Maria De Los Angeles Garcia to discuss the role teachers must play. She said she is contributing her own ideas to the development of ideas forged by the revolution. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Dec 95)

Some 100 years later, the Maltiempo battle was commemorated at the site of the battle. This was the most famous battle in which heroes Gomez and Maceo fought. Revolution Commander Juan Almeida Bosque and other Politburo members presided over these acts. (Havana Cuba Vision Network in Spanish 0100 GMT 16 Dec 95)

The new Cuban generation revisited hero Maceo's feat of crossing the Jucaro-Moron path as part of the 100 Titans Operation. Juan Almeida Bosque, along with other Politburo members, welcomed the youths column at the site where Maceo and his forces crossed this path on 29 November 1895. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Dec 95)

Commander Juan Almeida Bosque has praised the country's youths who are reenacting the Mambi invasion to the western territory. He appraised the development of the 100 Titans operation. He will welcome the youths in Mantua on 22 January 1996. (Havana Cuba Vision Network in Spanish 0100 GMT 20 Dec 95)

Roundup of Economic Developments Through 26 Dec

PA2712003995

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 26 December.

The 26th contingent of the Nordic Brigade has presented a $200,000 donation consisting mainly of hospital supplies but also sports, educational, and cultural materials. The donations were sent by solidarity groups from countries such as Sweden and Denmark. (Havana Radio Rebelde Network in Spanish 1800 GMT 18 Dec 95)

The Cuban economy registered a GNP growth rate of 2.5 percent during 1995, compared to 0.7 percent during 1994, after four consecutive years of constant decline that had accumulated a negative growth rate of approximately 35 percent. (Havana Radio Rebelde Network in Spanish 1800 GMT 20 Dec 95)

Tourism Vice Minister Miguel Bruguera has said more than 750,000 tourists arrived in Cuba during 1995, a 17 percent increase. Bruguera has said tourism has become one of the most important sectors in Cuba. (Havana Radio Rebelde Network in Spanish 1800 GMT 20 Dec 95)

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Granma Province's program to build 1,800 homes has been exceeded, and builders are working to meet a forecasted 2,400 homes, according to the current execution fund. The 1996 housing construction plan calls for the construction of a record 3,000 homes. (Havana Radio Rebelde Network in Spanish 1800 GMT 20 Dec 95)

A 22 December, Havana-datelined report states that 630 foreign firms are established in Cuba and that trade relations are maintained with 2,500 others, according to reports by the Cuban Chamber of Commerce. Approximately 212 joint ventures have been established with 50 countries. (Havana PRENSA LATINA 0821 GMT 22 Dec 95)

During a visit to Ciego de Avila Province, the vice minister of agriculture has said rice production will total 80,000 tons during 1995 and should increase by 100?450 homes so far this year, exceeding its annual plan by 2,000 units. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 23 Dec 95)

Holguin Province has built a record 5,250 homes so far this year. Many homes were built with natural materials, including earth. (Havana Radio Rebelde Network in Spanish 1800 GMT 23 Dec 95)

Construction organizations have exceeded the 1995 national plan to build 24,000 homes. More than 25,000 low-cost and conventional homes have been built. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 24 Dec 95)

The La Victoria citrus enterprise, the largest of its type in Cuba, located in Giron, Matanzas Province, has already harvested more than 100,000 tons of fruit during the current harvest, which is considered the best in years. Of the total, 11,000 tons have been exported to European markets, while the rest has been destined for industrial processing to make juices and extracts. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 24 Dec 95)

The Construction Ministry (Micon) will have carried out more than 137 percent of the 1995 construction plan and earned 700 million pesos in profits by the end of 1995. The ministry plans to finish 100 tourism facilities and more than 4,000 homes nationwide by the end of 1995. Micon will finish the year with a productivity of more than 500 pesos per worker and is committed to exceed that amount by 800 pesos next year. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 25 Dec 95)

Guantanamo Province has become the largest coffee producer in Cuba, meeting the production plan of 1,200 tons for export and 1,000 tons for domestic consumption. It is hoped that coffee production for export will increase by 40 percent next year. Eight varieties of quality coffee are processed in Guantanamo. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 26 Dec 95)

Roundup of Sugarcane Developments Through 24 Dec

PA2512042895

[FBIS Editorial Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 24 December.

Pinar del Rio Province will employ approximately 100,000 men and women in the sugarcane, tobacco, and other agricultural products harvest. This province employs the largest amount of people in the country. (Havana Radio Rebelde Network in Spanish 1800 GMT 16 Dec 95)

Workers at the Granma Sugar Mill in Matanzas are assembling the first vertical crystallizer, which lowers processing time by 14 hours, eases operations, and can be automated. A similar type of equipment costs approximately $750,000 on the world market. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 17 Dec 95)

The Sugar Industry Ministry announced that the country will produce 1,000 more arrobas of sugar cane in 1995 than in past years. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 18 Dec 95)

Haiti

Report Profiles President-Elect; Preval Comments

PA2612232095 Port-au-Prince Signal FM Radio in French 1130 GMT 26 Dec 95

[From the "Waking Up Newscast"]

[FBIS Translated Excerpt] The new Haitian president, Rene Preval, 52, is the former prime minister of President Jean-Bertrand Aristide whom he followed into exile after the 1991 military coup. He returned to Port-au-Prince shortly after the reinstallment of the head of state on 15 October and was appointed head of the Funds for Economic and Social Assistance, FAES, in February despite the reluctance of the United States. [passage omitted]

The Prevals had to flee the regime of Francois Duvalier in 1963. Rene left Haiti for Belgium where he studied agronomy at the University of (Jean Blot), a militant of the Haitian Progress Movement broken up by Papa Doc in 1969. He stayed in the United States between 1970 and 1975.

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For this son of good family in Port-au-Prince, agronomy was soon replaced by an interest in bakeries, despite an inheritance from his father who was agriculture minister during the 1950's.

Upon his return to Haiti in 1976, he collaborated with the Institute for Mining Research before opening a bakery in downtown Port-au-Prince in 1983. His new occupation allowed him to become involved in people's organizations and associations for the defense of human rights linked to the Haitian left. He collaborated among others with Family Is Life, in which he cultivated a friendship with its founder, Jean-Bertrand Aristide. Called sometimes his twin by the president priest, Rene Preval was chosen prime minister by Aristide as soon as he took office in February 1991. [passage omitted]

Despite three years in exile, the United States refused any compensatory extension of Aristide's term. The governmental party designated Rene Preval in desperation on 15 November. Aristide's public support came only a few hours before the closing of the campaign, during which Rene Preval adopted a pragmatic position centered on correcting the Haitian economy.

The Provisional Electoral Council published the results of the presidential election on 23 December. Preval beat his other political adversaries. The president-elect obtained 818,014 votes out of 994,599; that is, 87.9 percent. Independent candidate Leon Jeune came in second with 23,188 votes—that is, 2.5 percent—followed by the National Congress of Democratic Movements candidate, Victor Benoit, with 21,513 votes, 2.3 percent. Rene Preval obtained his highest placing in the Department of the West, with 237,613 votes out of 271,386. [passage omitted]

Lavalas Political Platform candidate Rene Preval won the presidential election by an overwhelming majority. Preval promised from the onset to start work immediately on improving the living conditions of each Haitian:

[Begin Preval recording, in Creole, in progress] ...the electoral process for president has ended up with the official announcement of the results, which we already know. Twenty-nine percent of the people participated, with 88 percent voting for Lavalas. We receive with the same warmth those who voted, those who did not vote, those who had reason to choose five years, and all those who had reason to demand the three years the putschists had stolen. We receive them all around the table.

At this moment, we cannot forget all those who are not with us today, those several thousand people who died in the struggle against the coup d'etat: Fito, Claudy Museau, Antoine Izmery, Guy Malary, Jean-Marie Vincent, and the thousands of others.

These elections were another struggle. Congratulations to all those who contributed to the victory of democracy: the executive, especially President Jean-Bertrand Aristide and the prime minister, the Provisional Electoral Council and the entire electoral apparatus, the international community, the police, the press, and the national and international observers.

We greet the other candidates. Their participation in the elections was good for democracy. We congratulate them. The elections are over today. Let us all look ahead. The country is destroyed. Let us all join hands to rebuild it. The work is not easy. We are going to do all we can night and day in order to work continuously, to work courageously.

Next week, my transition team will contact the three powers, all the sectors of the civil society, and the international community. [end recording]

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Raul Salinas Charged With 'Illegal Enrichment'

PA2312153595 Mexico City XEW Television Network in Spanish 0400 GMT 19 Dec 95

[Report by Laura Padilla from the "24 Hours" newscast]

[FBIS Translated Text] [Padilla] The Secretariat of the Comptrollership and Administrative Development [Secodam] has presented a 1,028-page report on the cases of Raul Salinas de Gortari and Mario Ruiz Massieu. Secodam noted that it leveled charges and filed criminal suit against Raul Salinas for illegal enrichment at the Attorney General's Office on 15 December.

At a news conference Gustavo Ponce, assistant secretary for Secodam's citizen assistance and social comptrollership, said that a working group was established to continue the investigations. It is made up of the Finance Secretariat, Attorney General's Office, and Comptroller General's Office and these organizations requested information from several governments, he added:

[Begin Ponce recording] Information about the financial transactions made by Raul Salinas de Gortari has been requested from several countries. The case of Switzerland is very well-known; we are working with this country. Information was requested from the United Kingdom, Northern Ireland, and other European countries; also from a few South American countries. Information was requested from about six or seven countries.

[Padilla] When asked whether the Comptroller General's Office will investigate former President Carlos Salinas, Assistant Secretary Ponce said:

[Ponce] The secretariat has to act within the framework of the law. We can only begin investigations when there is solid information. Moreover, we cannot disclose who we are investigating, for obvious reasons.

[Padilla] As for the Ruiz Massieu case, the Comptroller General's Office decided to impose on the former assistant attorney general a fine of 149,345,043,000 new pesos and banned him from holding a public post for 20 years.

[Ponce] The fine is equivalent about 250,000 minimum monthly salaries in the federal district. The secretariat notifies the person who was fined and the Treasury of the Federation, which is the financial authority empowered to collect this money. [end recording]

[Padilla] This includes the assets that Ruiz Massieu failed to include in his statements: real estate in Mexico for 2.329 million new pesos and in the United States for $119,000, and bank accounts in Mexico for 8.159 million new pesos and in the United States for $9.454 million.

PRI Issues Resolution on Expulsion of Raul Salinas

PA2212190695 Mexico City Radio Red Network in Spanish 0000 GMT 22 Dec 95

[Report by Rafael Jerezano; from "The Night Monitor" newscast]

[FBIS Translated Text] We are at the national headquarters of the Institutional Revolutionary Party [PRI]. A few minutes ago, a resolution issued by the Honor and Justice Committee was disclosed. This is preliminary and reads:

Today, 21 December 1995, the PRI Honor and Justice Committee met to continue discussing the matters presented by the National Political Committee during its 26th plenary session on 13 December. It adds that this meeting is the result of the PRI's firm conviction that it should fulfill its party responsibilities with efficiency and seriousness at the time set by the National Political Committee agenda for party actions. It says that the agreed procedure has the following main points:

1. To discuss on an individual basis the matters regarding engineer Raul Salinas de Gortari and Carlos Salinas de Gortari;
2. To reaffirm the committee's unyielding decision to strictly abide by legal and statutory regulations and subsequently subject only to their timing and standards;
3. To deeply examine, until the National Political Committee meets again, the relevant documents to be used as a basis for their comprehensive discussion;
4. According to Article 117, second paragraph, of our statutes, the commission resolves to communicate in writing with engineer Raul Salinas de Gortari to inform him of the committee's decision to propose the following agreement to the next National Political Committee. Here comes the important part, which reads:

Regarding engineer Raul Salinas de Gortari:

A. The immediate suspension of his rights and privileges as an active member of our party;
B. Engineer Raul Salinas de Gortari should be expelled from the PRI;
C. It should be noted that this recommendation to the National Political Committee does not deal with the facts and legal aspects that solely pertain to the authorities in charge of justice administration.

The resolution says that all of the aforementioned is due to the fact that the committee has trustworthy evidence that the aforementioned engineer Salinas de Gortari is under criminal investigation for the murder of former PRI Secretary General Jose Francisco Ruiz Massieu. In addition, evidence resulting from the administrative pro-

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cedure established by the Secretariat of the Comptrollership and Administrative Development proves the misuse of public (?resources) for Salinas' own benefit. This flagrantly violates the ninth subparagraph of Article 176 of our statutes.

5. Regarding Carlos Salinas de Gortari, the committee determines the following procedure:

A. At present, the committee considers that Carlos Salinas de Gortari does not fall under the assumption that would lead us to make the aforementioned recommendation for Raul Salinas de Gortari.
B. The committee will continue examining the relevant documents so as to duly propose the relevant action in this regard.

This is a four-page document. The last point says that it was agreed that until the National Political Committee meets again according to its own agenda and to the nature of the party matters under its responsibility, relevant information will be provided so as to enable the National Political Committee to keep our party members informed.

[Signed] Honor and Justice Committee

PRD Leader on Corruption in Ruling Class

PA1712214895 Mexico City LA JORNADA in Spanish 13 Dec p 5

[By Rosa Icela Rodriguez, Ciro Perez and David Aponte]

[FBIS Translated Text] PRD [Party of the Democratic Revolution] leader Porfirio Munoz Ledo said that due to the "high level" of corruption in Mexico's ruling class, the United States has used confidential information to put those governments "against the wall and on their knees." He added: "There is no doubt in my mind that the U.S. Government treated Carlos Salinas De Gortari as a whore: It used him, then despised him, and now is going to throw him in jail".

Munoz Ledo noted: "It is absurd for the Office of the Attorney General of the Republic [PGR] to deny that before investigating him there were 50 suspicious bank accounts owned by Mexicans. Maybe the fact the list included various National Action Party (PAN) members is the reason for this or because Antonio Lozano Gracia instead of beingFhe attorney general is the accomplice general of the Republic [encubridor general de la republica].

Ricardo Monreal Avila and Gabriel Jimenez Remus, PRI [Institutional Revolutionary Party] and PAN senators respectively, said that the NBC version could have been "an attempt to discredit the country and show it as the most corrupted."

Gonzalo Altamirano Dimas, PAN leader for the Federal District, said the PGR's position of not summoning Carlos Salinas De Gortari has been "wise," as he should be summoned when "definite factors and specific features that indicate his possible culpability are collected."

PAN: Mexico's Tainted Image

Senator Jimenez Remus, PAN coordinator before the Senate regretted the deterioration of Mexico's international image as a result of the scandals portrayed by the Salinas family and agreed with Monreal Avila that there is need to act cautiously.

Before Washington's announcement that Salinas De Gortari was not to be prosecuted, the legislators agreed that Mexicans should display calm and reflect on the matter.

PRI Senator Angel Sergio Guerrero Mier said accusations against the former president are very serious, and the public prosecutor's office should charge him when the crime is demonstrated. Nevertheless, he clarified that before beginning legal procedures, the facts should be presented.

Altamirano: The Problem Lies in the Evidence

Altamirano Dimas said the PGR should investigate further and request information from U.S. authorities. "I believe Salinas' time will soon be up and the possibility of summoning him any minute now is apparent," he added. Nevertheless, he stressed the importance of "securing the components not to jeopardize the case". He noted the problem is not to "go quicker or slower", but to compile the necessary evidence, "because haste could make heroes out of those who are suspects."

At a news conference, Altamirano Dimas referred to PAN President Carlos Castillo Peraza's decision not to seek reelection on his second period. "I would ask Castillo Peraza not to relinquish PAN's presidency for three more years. I believe it is important for him to continue during this period when a restructuring program would be implemented. It would be inconvenient to resign following political advancements."

Altamirano Dimas noted that Castillo Peraza should soon decide, "because the pre-candidates registry will begin on the first week of January."

Munoz Ledo Insists on the Investigation

Munoz Ledo said the PGR "cannot speak of discretion when foreign police investigate our country" and defined as "absurd" the fact of the PGR asking the U.S.

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Government for confirmation of Salinas' prosecution and not requesting Geneva for the list of the 50 people with suspicious bank accounts. Munoz Ledo made the statement during The Seven O'Clock [Hora Siete] radio program of the Ondas del Lago, 690 AM station.

Munoz Ledo noted he would soon send the PGR a written reply. "I cannot imagine how a newspaper item, which has not been denied by the Swiss Government is a nonconfirmed piece of information: Maybe Lozano wants to be replaced; his duty is to continue with the investigation. [quotation marks as published]

"The problem, he added, is that we are in a singular situation: The DEA is carrying out an open investigation and the PGR is doing it in secrecy, this leads to confusion. [quotation marks as published]

"The main reason for the Mexican Government's defeat, which led to a big adjustment of the economy, is that nobody can understand how a country that registered a 6-percent growth for 40 years, has shown no growth in ten years," Munoz Ledo added, and explained the reason is the use of the information about corruption of Mexican officials.

Munoz Ledo said: "Mexico will not go forward until the government carries out a head to toe cleaning. The government is not embarrassed. Until Mexico recuperates its dignity they would always be meek officials under foreign orders."

He added: "Mexico's deplorable problem for the past decade is the presence of the highest levels of corruption in the world within its ruling class."

During another interview, Munoz Ledo commented on President Ernesto Zedillo's "reprimand" to the PAN: "He accused them of their dual moral, one that in private claimed to support him and the other one that did not do it publicly."

Reportage on Ruling Against Alleged Embezzler

Extradition Ruling

PA2312013895 Mexico City XEW Television Network in Spanish 0400 GMT 21 Dec 95

[From the "24 Hours" newscast]

[FBIS Translated Text] The Attorney General's Office [PGR] on 20 December issued a communique on Mario Ruiz Massieu. It reads: Today, Judge (Stanley Chesler) decided to postpone his ruling on the extradition of Mario Ruiz Massieu, whom the Mexican Government accuses of embezzlement.

Judge (Chesler) admitted that there are differences between the laws of the two countries and announced that he will definitely render a decision on this case on 22 December.

As for the report that the prosecutor withdrew the evidence of the 800,000 new pesos Ruiz received, the PGR explains that this amount is not included in the embezzlement charge, the amount of which totals 2.5 million new pesos. This institution has met the requirements stipulated in the Extradition Treaty, including the existence of a probable cause, which shows that Ruiz received the aforementioned amount and spent most of it, directly or indirectly, in accomplishing objectives other than the ones for which the money was given to him. He failed to duly prove the opposite.

The Mexican Government has worked closely with the U.S. Justice Department, from which it has received a great deal of cooperation and support.

Deportation Possible

PA2612185395 Mexico City XEW Television Network in Spanish 0400 GMT 23 Dec 95

[Report by Jacobo Zabludovsky in Mexico City and Victor Fuentes in New York; from the "24 Hours" newscast — passages within quotation marks recorded]

[FBIS Translated Excerpt] [Zabludovsky] Mario Ruiz Massieu was free for only a few seconds today after being acquitted of embezzlement charges. Immigration and Naturalization Service [INS] agents arrested him, and they intend to deport him — not necessarily to Mexico.

[Fuentes] Federal Judge Stanley Chesler today ruled against former Assistant Attorney General Mario Ruiz Massieu's extradition to Mexico, because he considered the documentary and testimonial evidence insufficient on which the Attorney General's Office [PGR] based its charges regarding the embezzlement of 2.5 million new pesos.

As expected, Mario Ruiz Massieu was arrested by INS agents moments after the ruling was issued and he remains under custody, waiting for the results of the deportation process initiated by the U.S. Department of State.

As a precautionary measure against the former assistant attorney general's possible deportation, Mario Ruiz Massieu's lawyers filed a request for political asylum on Wednesday. In the short term, this will presumably prevent his expulsion from the country. [passage omitted]

[Fuentes] Everything seems to indicate former Assistant Attorney General Mario Ruiz Massieu will be finally released on Wednesday, 27 December, after serving

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almost 10 months in prison and successfully ending four extradition trials.

[Zabludovsky] [passage omitted] In Mexico City, the PGR warned in a bulletin that it will do everything within its power to try Mr. Ruiz Massieu. The PGR says Mario Ruiz Massieu failed to explain how he spent 2.5 million new pesos, which he specifically received to conduct investigation.

The bulletin says: During his last day at the PGR he withdrew 890,000 new pesos from the PGR's account. It adds: As far as the PGR is concerned, Mr. Mario Ruiz Massieu is a criminal at large because five arrest warrants were issued in his name for the following crimes:

1. Undue exercise of a public post and torture
2. Crimes against the administration of justice
3. Embezzlement
4. Illegal enrichment
5. Money laundering

Therefore, it states, all the necessary actions will be carried out so Ruiz Massieu is brought to court in Mexico for the crimes he has perpetrated.

PGR Arrest 'Metropolitan El Barzon' Members

PA2612161895 Mexico City LA JORNADA in Spanish 23 Dec 95

[Report by Alma E. Munoz and Jesus Aranda; received via Internet]

[FBIS Translated Text] Metropolitan El Barzon members Jose Enrique Puebla Ramos and Alfonso Ramirez Cuellar were arrested yesterday by agents from the Mexico City Office of the Attorney General of the Republic [PGR]. Puebla was remanded into custody in the Oriente Prevention Jail at 1507 and Ramirez at 2250.

These arrests took place 48 hours after unidentified individuals attacked and looted the Metropolitan El Barzon offices. They stole documents, files, and the complete data base belonging to this producers' organization.

According to the PGR's arrest unit, no warrants had been issued. Nevertheless, it was learned that the arrests were due to charges of illegal deprivation of freedom derived from a Barzonist blockade in March outside the AISA [expansion unknown] leasing company [arrendadora], located on Churubusco Avenue.

Metropolitan El Barzon spokesmen Andres Garcia and Julio Nava reported that the arrests were carried out with violence and when Ramirez Cuellar was arrested, the police also arrested Vicente Argelles and Jose Cipriano, who were freed some hours later.

Ramirez Cuellar, Argelles, and Cipriano were together at about 2000 at the Vips Restaurant on the corner of Cuauhtemoc and Puebla, meeting a "high ranking official" of the Government Secretariat, with whom they had planned to discuss that morning's arrest of Puebla Ramos.

Witnesses to the arrest said that it was a "movie-like action," when agents in the restaurant suddenly stood up at their seats and took the men "with violence" to the Mexico City PGR offices. The arrest warrant was issued by 23d Penal Judge Juan Calderon Hernandez.

One hour afterward, agents ordered Cipriano and Argelles to leave while Ramirez Cuellar remained under arrest.

After the news of the Barzonists' arrest was known, leaders of the organization called on the Metropolitan El Barzon and its affiliates in the interior of the country to organize protests over the arrests.

"This is an abuse; it is no accident that first our place is attacked and then the police arrest our companions in such a manner," El Barzon spokesmen said in an interview.

Information gleaned from the Mexico City PGR indicates that the arrests were due to a case in March when El Barzon blocked the outside of the AISA leasing company, which is owed money for loans for the purchase of buses.

At 1930, Alfonso Ramirez Cuellar contacted LA JORNADA to report that his companion Jose Enrique Puebla Ramos had been detained and that he feared being arrested.

Seemingly, according to Mexico City PGR versions, the Barzonist leaders stopped appearing before the 23d Court to sign the minutes' record after being freed under bail for damages to property and illegal deprivation of freedom.

Nevertheless, Vicente Argelles confirmed last night that he is not aware of the reason for the arrest and said that this is one more outrage to this social movement.

In the pre-dawn hours of this morning, El Barzon members began to gather in their offices in Bolivar to decide what action to take.

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EZLN Denies Preparing Attack Against Army

PA2612222395 Mexico City NOTIMEX in Spanish 0359 GMT 26 Dec 95

[FBIS Translated Text] Mexico City, 25 Dec (NOTIMEX) — The Zapatist National Liberation Army (EZLN) denied today it has any intention of preparing an attack against the Mexican Army or its positions and stressed its determination to hold talks.

In two communiques dated 22 and 23 December, the EZLN stated it has a public commitment with the Mexican people to persevere along the path of dialogue and the negotiation of a political solution to the conflict in the southeastern state of Chiapas.

Signed by Subcommander "Marcos," the communiques by the rebel group stated that the EZLN does nc seek to change in any way the local, regional, or national situation and that it is preparing to celebrate its second anniversary amid peace.

The EZLN announced that several meetings with the civilian society will be held from 28 December-1 January. Subsequently, meetings with Indians from various areas of the country will be held within the framework of the national Indian forum.

In the document, the EZLN states "we found ears that were willing to listen, and we found ourselves talking and listening instead of fighting" after the armed movement was founded on 1 January 1994.

It added "there has been an ongoing celebration in our territory since then: The celebration of words. Death and destruction were stopped because of these talks, life has a chance because of them, and peace is already thinkable and achievable."

'Sources': New Military Zone in Created in Chiapas

PA2312013695 Mexico City LA JORNADA in Spanish 19 Dec 95 p 9

[Report by Jesus Aranda]

[FBIS Translated Text] The creation of a new military zone in Ocosingo, Chiapas, was decided for geographical reasons and for the objective to exert a greater control over operations conducted in that area, authorized sources from the 7th Military Brigade have said. The sources have rejected that the creation of this new "military zone" will bring about an increase of soldiers or war materiel or that it is related to the armed conflict in that state.

"The resources already existing there will simply be optimized," the sources have said.

Meanwhile, the appointment of Brigadier General Jorge de Jesus Wabi Rosel as commander of the 39th Military Zone in Ocosingo is added to the 22 changes of command in military regions and zones that have taken place since 1 December.

The Secretariat of National Defense has stated that these changes are routine ones.

With the creation of the military zone in Ocosingo, the sources have remarked, the presence of troops in seven regions comprising Chiapas will be rearranged.

In addition to the appointment of General Wabi Rosel, changes were made in the two other military zones located in Chiapas: Rancho Nuevo, near San Cristobal de las Casasa, and Tapachula, where Brigadier Generals German Trejo Zozaya and Jorge Justiniano Gonzalez, respectively, were named.

This also includes the appointment of General Arturo Galindo Romero as commander of the 38th Military Zone, headquartered in Tabasco and which is part of the same military region.

Only General Mario Renan Castillo, commander of the 7th Military Region, comprising Chiapas and part of Tabasco, remained in his post.

In addition, 7th Military Region spokesmen have ruled out that the new zone has anything to do with the armed conflict or that it will be used against the EZLN [Zapatist National Liberation Army].

They have said the military presence in Ocosingo is not new and that this move is intended to rationalize and optimize already existing human and material resources.

The military sources have said the creation of this zone in Mexico's largest municipality involves principally administrative and organizational aspects of the elements that have been in that area from the beginning of the conflict.

Appointments

Changes were made in six military regions effective 1 December:

In the 2nd Military Region, based in El Cipres, Baja California State, Major General Eulalio Fonseca Orozco was named; in the 3rd Military Region, headquartered in Mazatlan, Sinaloa, Major General Antonio Paredez Espinoza de los Monteros was named chief; in the 8th Military Region and 28th Military Zone, based in Oaxaca State, Major General Delfino Mario Palmerin Cordero was named.

In the 10th Military Region, based in Merida, Division General Ricardo Maldonado Baca was appointed; in the

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11th Military Region, based in Torreon, Coahuila, Division General Jose Gomez Salazar was appointed; and in the 12th Military Region, based in Irapuato, Guanajuato, Division General Francisco Fernandez Solis was appointed.

Furthermore, there were changes in the following military zones:

In the 2d Military Zone, based in El Cipres, Baja California, Brigadier Gen. Raul Acuna Garcia was appointed; in the 3d Military Zone, based in La Paz, Baja California Sur, Gen. Jesus Verduzco Montano was appointed; in the 7th Military Zone in Escobedo, Nuevo Leon, Gen. Alfonso Mancera Segura was appointed; in the 9th Military Zone, Nicabardo Daniel Velasquez Cardona was appointed; and in the 13th Military Zone, based in La Mojonera, Jalisco, Gen. Jose Domingo Ramirez Garrido Abreu was appointed.

Moreover, in the 16th Military Zone, based in Sarabia, Guanajuato, Gen. Alfonso Hernandez Morales was appointed; in the 18th Military Zone, based in Pachuca, Hidalgo, Gen. Mario Ayon Rodriguez was appointed; in the 22d Military Zone, based in Toluca, Gen. Ramon Ruben Arrieta Hurtado was appointed; in the 24th Military Zone in Cuernavaca, Gen. Antonio Clemente Fernandez Peniche was appointed; in the 25th Military Zone in Puebla, Gen. Manuel Orozco Pimentel was appointed; and in the 26th Military Zone, based in El Lencero, Veracruz, Gen. Mario Perez Alarcon was appointed.

Finally, in Villahermosa, Tabasco, and in Valladolid, Yucatan, Generals Francisco Jose de los Angeles Matu Buenfil and Eduardo de la Pena Medina, respectively, were appointed.

Indian Committee on Increased Military Patrols

PA2612023495 Mexico City LA JORNADA in Spanish 23 Dec 95 p

[Report by Jose Gil Olmos — received via Internet]

[FBIS Translated Text] The Clandestine Indian Revolutionary Committee (CCRI) of this zone believes that the increased military patrols—with armored personnel carriers fitted with cannons, jeeps fitted with guns, airplanes, and helicopters—in Los Altos, the north, and the Lacandona Jungle are not a "sign" of peace by the federal government but, rather, of "war." They have asked the National Mediation Commission (Conai) and the Harmony and Peace Commission (Cocopa) to meet with President Ernesto Zedillo and to ask him to explain the reasons for the intensified troops movements during the past four days.

During an interview with LA JORNADA, six CCRI commanders have expressed their concern and anger over the increased military patrols, which were spurned today with shouts and rock hurling by Indians working on the construction of a center for "cultural meetings" between the Chiapas Indian communities and the national civilian society in Oventic, a public land located in San Andres Larrainzar.

According to their reports, on this day the presence of land troops, airplanes, and helicopters around the La Garrucha public land, on the Patiwitz Stream, Ocosingo Municipality, and the La Realidad community, Las Margaritas Municipality, was intensified.

"The EZLN [Zapatist National Liberation Army] has no intention of causing agitation. We would much rather build something good for our communities, something useful for our brothers. We always try to build and not to destroy. The EZLN is not causing agitation," one of the Indian commanders, who preferred to remain anonymous, has ensured while explaining the idea behind the construction in this place, which has attracted attention because of its size and closeness to the site of talks between the EZLN and the federal government.

Another Indian commander has affirmed that the EZLN has demonstrated the resolve and willingness to find a peaceful solution to the armed conflict and to achieve a fair and dignified peace. "We, therefore, reject the deployments by President Zedillo, because he is the Army chief."

It was a group interview. Words came from all sides. "We want to ask Conai and Cocopa to talk to Zedillo and ask him to explain the reasons for so much constant military presence, day and night, in Los Altos, the north, and Lacandona Jungle."

"While we are willing to work peacefully and to offer our best intentions to make progress on the talks, the federal government is devising new, tough threats. We, then, ask Conai and Cocopa to tell us the truth once and for all, whether they want peace or war."

The rebel leader has warned about how difficult it has become to control the anger of the Indians, who hurled rocks today at the path of armored personnel carriers fitted with cannons transporting soldiers and jeeps fitted with submachine guns poised in attack position.

"We are trying to control our people so as to avoid any agitation so the 1 January 1994 incidents will not be repeated. The time will come, however, when we will lose control of our people if they continue to threaten and agitate us; that is why we want Zedillo to tell us the truth, if he plans to keep his word or what he wants."

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Another commander has insisted on explaining the idea behind what is being built at the Oventic public land with resources from the local Indians themselves.

"The work being done is for a cultural center. People of various towns are building it. That center has a great deal of importance for us. It is being thought up as a place in which everyone can participate in various cultural, art, and social events, a place where everyone can feel at home. That will be a meeting place for people from many sectors, people of the civilian society, where they can freely participate, express their desires and wishes. That is the idea behind the center," the CCRI member has said.

"Moreover, we do not have to ask the government or anyone else for permission to build something good for our people, because this is our people, our home, our mother earth. We do not have to ask the government or the Army for permission to build something good for us, something we did not have before. We are Indians, and we are in our home. The government can also build something in its house, in its territory without asking us for permission. We can do it ourselves too," another Indian commander has said.

The members of the CCRI of Altos de Chiapas have said the construction of Oventic is a "sign of peace" and of the will "to continue moving forward and to find just solutions to our problems."

"What we are building or trying to build is something good for many people, for our own people, and the government is already making threats. For us, the Army's constant presence, with its tanks, airplanes, and helicopters, day and night, and the presence of soldiers is a clear provocation by the government, a threat. The government is trying to provoke us. It knows our territory; it knows it well. It knows where the communities that support the EZLN are located, and they go there; that is, to provoke and threaten us."

"We are not asking the government to help us. No, we are not asking the government to help us build this place. We are building it with the support of all the communities that support the Zapatist struggle. They know that in this place they will be able to share their ideas and experiences as Indian communities without anyone stopping them. We do not have a place where we can freely express ourselves with our brothers and other peoples," one of the CCRI commanders has said.

They said during the interview the Army began increasing its military patrols in the north, in the jungle, and in Altos de Chiapas starting on 19 December.

For EZLN commanders, this is a "demonstration of ill will." One of the commanders present in the interview has said that is why the government of President Zedillo needs to explain what is happening.

"We are holding dialogues with the government, but they go ahead with those military maneuvers. We reject it, because it is a provocation; we do not know what it is all about. Thus, we want them to speak to us with the truth. We want them to tell us what the government really wants."

The CCRI members have insisted on the need for the suspension of the military movements in the regions where the EZLN has a presence. "We are trying to do our job in our territory, and we want the government to show signs that it is willing to work for peace by reducing the military presence and continuing with the dialogues in San Andres Larrainzar. We do not want war. We want peace, but with justice and dignity. That is what we want."

"We, Zapatists, have a political commitment to find solutions through political means. We are doing what the people have asked from us: We are holding dialogues between the EZLN and the federal government. We are willing to continue with the talks to find freedom, peace, and justice with the dignity of the Mexican people.

"The government says, however, it wants peace, but it is not true. We clearly see that the government does not want peace or wants peace with blood, and that is why it is sending the planes and military patrols to threaten people in Zapatist territory. We clearly see that the government does not want a solution; it wants war."

His interpretation of the military presence in the regions considered to be under Zapatist control only 20 days before the resumption of the dialogues in San Andres Larrainzar is that "the government wants the Zapatists to surrender, and we are never going to surrender."

An Indian commander has said the EZLN remains willing to continue with the talks if the government really wants peace. "It must think about it well. We, as all Mexicans, want peace, democracy, justice, and dignity through political means. We have honored our word but not the government, even though it says otherwise. That is why there are so many soldiers patrolling the area with tanks and planes. These are not the government's signs of peace. They are a provocation of war for us."

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PRD Leader Cites Swiss Attorney General

PA1512172195 Mexico City LA JORNADA in Spanish 11 Dec 95

[Report by Rosa Icela Rodriguez — received via Internet]

[FBIS Translated Text] Swiss Attorney General Karla de Ponte has delivered to Attorney General Antonio Lozano Gracia the names of 50 Mexicans who have bank accounts in her country which are considered "suspicious," PRD [Party of the Democratic Revolution] leader Porfirio Munoz Ledo stated, based on information from the dailies JOURNAL DE GENEVE and FINANCIAL TIMES.

Munoz demanded that the federal government disclose the names of the millionaires and the origin of their fortunes in dollars, and he also requested an explanation on the mechanisms permitting those amounts to leave Mexico.

Given its complexity, he said, this affair goes beyond Raul Salinas: It involves the entire corruption of the Mexican political system. It is not enough to focus this problem on Raul or Carlos Salinas, even if there is any reasonable sense of revenge.

Munoz suggested that these fortunes originated in the "sale of important favors to drug traffickers, the use of privileged stock exchange transaction information, the association of private firms in corrupt privatizations, the benefits derived from selective deregulation processes favoring enterprises with conflict of interest, influence peddling, extremely high credits without justification at low interest rates from credit institutions, sale of food (grains) import permits, contracts, concessions, and privileged use of parity exchange rate."

In a news conference at the Mexico City International Airport, the PRD leader accused Raul Salinas of being "the agent or instrument" of the former president because no drug trafficker is a philanthropist, nor does any of them give away $80 million to the brother of a president just because. They give away money in exchange for state favors; "the merchandise of Raul Salinas is called the power of the president of Mexico, which is enormous and arbitrary."

Now the foundations of the state reform are really being laid, but this will not clean up what is taking place, he noted. We don't accept the PAN's [National Action Party] complicity. We know that the PRI [Institutional Revolutionary Party] is planning to expel Raul Salinas and the PAN is planning to expel Carlos Salinas, because he was a member of that party. But that is not enough.

Munoz reported he spoke with personalities of the Swiss Parliament, who gave him newspaper clippings of that country the headlines of which say that "the statements by Karla de Ponte worry the Mexican Government."

And he read: "Geneva Attorney General Karla de Ponte delivered to the Mexican Government 50 names of high-ranking officials, people of the PRI system who have suspicious accounts of millions of dollars." Later he commented: "Things must be really serious for the Swiss to have done this, because they are very cautious and maintain accounts from persons from all over the world; for them to take action all must be very rotten and they don't want to have anything to do with it."

Munoz considered that the PGR [Attorney General's Office] has reacted "slowly and poorly," and said that in the face of the new findings Attorney General Antonio Lozano Gracia "must report who are those Mexicans considered suspicious" who have accounts in Switzerland.

He mentioned the possibility that the accounts of Carlos Salinas may be among those 50 accounts reported by Switzerland; the DEA knew about this beforehand and the DEA had informed Mexico.

He accused "the PAN of complicity with Salinas" because [PAN presidential candidate for the 1994 elections] Diego Fernandez de Cevallos has defended him and has spoken to him over the telephone frequently after he left the Presidency. And he continued: "That is why the PAN was given to the PGR, knowing it was not going to put Salinas behind bars."

The PRD leader remarked there cannot be a state reform as long state agencies are not purged, because said reform cannot be built on a swamp.

He justified that the fact that the Swiss Government refuses to make public the names of the 50 Mexican who have "suspicious" accounts, because it already reported them to the Mexican Government.

In front of tens of reporters, he said that "the relationship between the federal government and drug traffickers took place during the mid term of Miguel De la Madrid when he brought Enrique Alvarez Del Castillo to the PGR who had obvious ties with the cartel."

"In the early 1980's, corruption deepened and began to be used to exert pressure on the Mexican Government. One of the reasons of the problem of the debt are the infiltrations U.S. columnists made on the capital Mexican politicians had in the United States," he affirmed, adding that Miguel De la Madrid's reaction was to bow [inclinarse], instead of responding.

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Munoz asserted that this knowledge "constitutes the key instrument of the subordination of the country and the government; it is the main instrument through which they made the state pay tribute. The main reason why he resigned (to the system) was the government's lack of reaction and its subordination when huge sources of Mexican politicians were discovered and when foreign policies were implemented [as received].

However, he went on, I am not accusing anyone; I only want to know which Mexicans, members of the political apparatus, have these huge accounts and the mechanisms that make possible that people in Mexico could amass these amounts of money from political posts.

The PRD leader recalled that former Brazilian president Fernando Collor de Melo is being accused of embezzling $15 million and that former Venezuelan president Carlos Andres Perez is being accused of embezzling approximately $10 million. The fact that the brother of the former Mexican president has more than $100 million is very significant, and it will have to be explained, he stressed.

He also recalled that it was proven that Tabasco Governor Roberto Madrazo used up $70 million and that we do not know from where this money came. We still have to deal with the mechanisms to launder money and those allowing this enrichment, "because the Salinas brothers are not the first ones to do it, but we do want them to be the last ones."

After outlining the activities he will carry out during his tour of various countries, Munoz pointed out that the European public is "consternated, because very few know how deep the country's corruption is. The public respects us, because we reported Salinas' corruption on time in international forums when many governments and media had joined Salinas' propaganda."

Finally, he said he respects Carlos Castillo Peraza's decision not to run for PAN president again. "Those are internal affairs," Munoz underscored.

As for the statements former presidents Carlos Salinas and Luis Echeverria made, the PRD leader believes that "they constitute an issue that must not be a reason for bickering, because only a gangster's mind, such as that of Salinas, would think that the problem stems from political gangs. We must not play that game; it is an issue concerning the Mexican State. It is a public corruption issue that has to do with the laws."

He concluded: "I will not argue with Salinas, because I will be helping the thieves; it is a public and legal issue." Each one has his own style to express himself, Munoz maintained, adding that Salinas wants to make noise, but that he cannot do it.

Roundup of Economic Developments Through 25 Dec

PA2612013695

[FBIS Editorial Report] The following is a compilation of reports on Mexican economic developments monitored through 25 December.

According to the Bank of Mexico and the federal government's most recent forecasts, the prices of consumption goods and services will register an accumulated increase of 52.3 percent at the end of the year, the highest since 1988 when inflation reached 51.7 percent. Purchasing power deteriorated to 36.4 percent during the year; thus, one peso is barely sufficient to buy products and services that were bought for 65.6 cents average in the same month of 1994. (Mexico City LA JORNADA in Spanish 18 Dec 95 p 28)

German Gonzalez Quintero, president of the Confederation of National Chambers of Commerce, has said that the 1995 crisis caused private investments to drop by 24 percent and that the jobs lost so far will not be recovered before the year 2,000. If the country grows at expected levels, nearly 700,000 jobs will be created, but this number is far less than needed. (Mexico City LA JORNADA in Spanish 19 Dec 95 p 38)

According to the National Institute for Statistics, Geography, and Computer Science (INEGI), the federal government has said the increasing open unemployment rate observed early in the year was definitively reverted in November, when unemployment reached 6 percent. (Mexico City EL FINANCIERO in Spanish 19 Dec 95 p 26)

The Association of the Mexican Automotive Industry has announced that the production of cars dropped from 1,010,320 to 853,979 from November 1994 and November 1995, a figure which represents 15.5 percent. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 18 Dec 95 p A-26)

Ana Maria Camacho, director of Secofi's Automotive Industry, has announced that one of the benefits Mexico has received from NAFTA in two years is that car exports to the United States and Canada increased by 18 percent in 1994, with 497,454 vehicles sold. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 20 Dec 95 p A-2)

INEGI has announced that retail sales throughout the country dropped 21.4 percent from January to October compared to the same period last year. The sales

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that dropped the most were for car dealers, furniture stores, department stores, stationery stores, bookstores, hardware stores, clothing and footwear stores, auto spare parts, records, toys, gifts, and grocery stores. (Mexico City LA JORNADA in Spanish 20 Dec 95 p 43)

Mexican Steel Mills, Inc. (AHMSA) has approved a 32.5 million shares increase in the enterprise's capital stock and will increase its capital by approximately 1.484 billion new pesos by doing so. During a special meeting with shareholders in Monclova, Coahuila, AHMSA has decided buyers will be benefited with a 0.78 security bonus for each new share they buy. (Mexico City EL FINANCIERO in Spanish 20 Dec 95 p 16)

The AA and AAA commercial real estate markets have suffered a 60 percent dive, and it will not be until three years from now when brokers, multinational firms, and constructors enjoy a new boom. Cushman and Wakefield, La Salle Partners, CB Commercial, and Mexican Real Estate Corporation executives have said they will begin recovering in 1996. (Mexico City EL FINANCIERO in Spanish 20 Dec 95 p 10)

The general director of the Institute of the National Fund for Workers Housing, Alfredo del Mazo Gonzalez, has said the country has a housing deficit of 4.2 million houses, especially in the northern border states. Del Mazo has said it is expected that the institute will grow 2 percent above the national economy average, meaning the construction of 99,750 houses. (Mexico City LA JORNADA in Spanish 20 Dec 95 p 21)

The auction of Treasury Certificates, Cetes, has yielded the following results: The 28-days Cetes dropped 1.22 percentage points, placing them at 49.09 percent; the 90-days Cetes dropped 2.25 percentage points, placing them at 47.48 percent; and the 182-days Cetes dropped 1.93 percentage points, placing them at 45.80 percent. (Mexico City Radio Red Network in Spanish 0000 GMT 20 Dec 95)

The Bank of Mexico has announced it has granted financial assistance to the public and private sectors for 100.9 billion new pesos during the first 11 months of 1995. (Mexico City LA JORNADA in Spanish 21 Dec 95 p 38)

The Finance Secretariat has announced the trade balance reached a surplus of $636 million in November. Exports yielded $154 million, a 17.1 percent increase compared to the same period in 1994. Imports registered a 14.3 percent drop during the same period. (Mexico City EL FINANCIERO in Spanish 21 Dec 95 p 25)

The Alliance for Economic Recovery has announced that $135.363 million will be paid toward the Treasury Bonds, Tesobonos. Out of the $29 billion balance in Tesobonos, only $245 million are outstanding. (Mexico City EL FINANCIERO in Spanish 21 Dec 95 p 8)

The Bancomer Financial Group (GFB) has stated in an economic report that personal consumption levels will remain flat during 1996 due to a deep and persistent reduction in domestic demand that is likely to delay the economic recovery. Experts believe an official goal of 3 percent growth is unlikely as salaries and the employment situation deteriorate. The GFB has announced that a 2 percent growth rate in the GNP is expected for 1996 based on artificially depressed comparison levels, adding that foreign trade will continue to have a positive effect on production and employment. (Mexico City LA JORNADA in Spanish 22 Dec 95 p 39)

The main indicator of the Mexican Securities Exchange closed on 21 December registering a significant recovery in stock prices, sparked by a wave of investment buying, during the first half of December. The price index closed at 2,834.39 points, a record so far this year and only 61 points from the all-time record, after climbing 87.9 units; that is, 3.2 percent. (Mexico City EL FINANCIERO in Spanish 22 Dec 95 p 5)

The National Commission of the Retirement Savings System has announced that the Retirement Savings System's accumulated balance totaled 44.63 billion new pesos in the third quarter of 1995, of which 19.59 billion new pesos corresponded to retirement and 25.4 billion to housing. Workers' contributions represented 60.6 percent of the total, while deposits by the federal government for interest payments and adjustments to inflation totaled 6.8 percent and 32.6 percent, respectively. (Mexico City EL FINANCIERO 22 Dec 95 p 6)

According to a 22 December, Mexico City-datelined report, Moiss Kolteniuk Toyber, general coordinator of mines for the Commerce and Industrial Development Secretariat, has announced that Mexican silver production rose by 10 percent during 1995 over 1994's production of 2,500 tons. Kolteniuk added that Mexico will produce between 19.5 tons and 20 tons of gold during 1995. (Mexico City NOTIMEX in Spanish 2047 GMT 22 Dec 95)

The Commerce and Industrial Development Secretariat has announced that assembly plants in the states of Nuevo Leon, Tamaulipas, Coahuila, and Durango will register more than $4 billion in sales during 1995, states a 23 December, Monterrey-datelined report. (Mexico City NOTIMEX in Spanish 1524 GMT 23 Dec 95)

The Commerce and Industrial Development Secretariat has reported that the steel industry's 1995 record production will exceed 12 million tons, according to

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a 23 December, Mexico-City datelined report. The national steel sector contributed 6.7 percent of the manufacturing GNP, while it represents 4.6 percent of industrial GNP, and 1.5 percent of the total Mexican GNP. (Mexico City NOTIMEX in Spanish 1520 GMT 23 Dec 95)

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Honduras

Reina Comments on Illegal Alien Smuggling Ring

PA2612165695 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 26 Dec 95

[Report by unidentified announcer and journalist Jose Danilo Izaguirre in Tegucigalpa; from "The Morning Newspaper" newscast]

[FBIS Translated Text] [Announcer] Sonny Reina and Gloria Canales Nino will be brought face to face at court regarding the smuggling of people from India. President Carlos Roberto Reina has revealed more money is handled in this business than in drug trafficking, so the authorities will be resolute with public officials if they are involved. Here is a report by Jose Danilo Izaguirre:

[Izaguirre] The smuggling of illegal aliens in the national territory has recently made the headlines. It was never expected that Gloria Canales Nino would be sent to the national territory following the work carried out by Interpol agents in Honduras with Interpol agents in Peru, where Canales was located. Sonny Reina accused Canales of being responsible for the smuggling of some people from India who were arrested in the national territory.

Like I said, the situation is getting interesting because Sonny Reina and Gloria Canales Nino will be brought face to face at the 1st Criminal Court in Morazan Department.

President Carlos Roberto Reina was consulted about this issue and he said the following:

[Begin Reina recording] My government's philosophy is very clear, and it is well known. No one is above the law. Anyone who breaks the law is subject to a trial in Honduras, and Honduran laws are appropriate to try them. Everyone is talking about the case, and I agree with the media that it has resulted in lots of news and publicity. This is something that involves large sums of money — perhaps even more than those involved in drug trafficking.

This is an extremely important issue in our world nowadays. If all those who live in India or the PRC want to travel to another country, and stop to visit Honduras in the process, you can imagine the magnitude of this problem. This is a result of man's migratory customs in our modern world, but it is carried out within an illegal framework. Honduras cannot allow that. Any official involved in these illegal actions must be punished by the courts. [end recording]

[Izaguirre] President Carlos Roberto Reina has been categorical when referring to this issue, which has horrified the population, taking into consideration — as the president said — that millions of dollars are handled in the smuggling of illegal aliens and that, unfortunately, the national territory is being used as a stopover point. However, the law will be inexorably enforced.

Panama

Article Views Evolution of Public Force

PA2212215095 Panama City LA PRENSA in Spanish 22 Dec 95 p 43A

[Article by Roberto I. Eisenmann Jr.: "Toward the Civil Institutionalization of the Public Force]

[FBIS Translated Text]

Surprising Armed Action Period:

In the face of the armed action of a foreign army on 20 December 1989 and the traumatic assumption of power by the government elected in May of 1989, there was an urgent need to adopt tactical decisions to ensure that the largest number of FDP [Panama Defense Forces] soldiers would surrender their weapons and abandon the armed resistance option.

Thus, the decision to form an entity called Public Force was made and it was publicly announced that every soldier who changed sides and supported the new government would be welcome in the newly created force.

The lack of resistance on the part of the commander and the massive desertion of all officers entailed the immediate defeat of the FDP. This fact, in conjunction with the government effort, produced a surprising instant recruitment of more than 15,000 men, all of whom were former FDP members. After achieving this, something had to be done with this human contingent.

Real Organization Period:

In the face of the need to organize these thousands of defeated men and the need to recover a resemblance of public order exercised by Panamanians, tactical emergency and immediate decisions continued to be made.

Thus, the "less evil" military officers were chosen to form the leadership of the organization and a screening process began resulting in more discharges; they were given "loaned" fatigues to wear as uniforms; the investigation body was separated creating the PTJ [Judicial Technical Police]; soldiers pledged allegiance to civilian authorities; a (not very effective) effort began to separate the air and naval contingent; a series of reconversion talks began; and they were sent to the streets accompanied by North American troops.

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During this process, those who held the office of police director had to be changed... One for corruption; another for a gorilla-like attitude; and another for a coupist attitude, until a nonpartisan civilian was named director.

Premeditated Evolution Period:

In the face of a decidedly antimilitarist public pressure, progress is made ordering a clearly more police-like uniform; the entity begins to be called "police"; training begins through the U.S. Department of Justice (ICITAP) [International Criminal Investigative Training Assistance Program] — no longer through U.S. military officers — the Presidential Guard is detached and formed into a separated entity; a generic decree-law is passed basically granting the Assembly the responsibility to legislate ultimately on the issue; and a public relations program begins to reconcile the interests of the community with those of rejected and demoralized Public Force officers.

Debate and National Decision Period:

Following the periods involving emergency decisions due to the country's normalization, we began a period of broad discussion and national decision regarding every aspect of the police body that is part of a new democratic republic.

The decisions made until then were made under the pressure of an unprecedented traumatic moment, and even if we express our concern, criticism or acceptance of the same, they already passed. The debate that will take place now must not be to "defend positions" at the expense of the democratic future of the nation (a politicide) [politicidio] but to build for the future based on the desire of the majority of the people, which could imply significant changes.

It is useless to continue criticizing the decisions we deem wrong about the emergency periods. What has been done is done, and the good and bad results cannot be reversed. In any case, the effectiveness of a police force is measured in terms of response time to a call from the community, the increase in criminality, and the confidence citizens have. To contribute to the national debate on the issue, we may say that:

A. Never did any country in America have the opportunity (in present times) to discuss from scratch — without necessary political domination — the armed body that its society wants to create.

B. Any formula is possible provided that it has the support of the majority of the Panamanian people, who have demonstrated many times they have an admirable wit and better political judgment than any individual leader.

C. No Panamanian has today the mandate to decide on such fundamental issue. It requires an open debate with the participation of all Panamanians wishing to participate, knowing that the leaders will hear their voice because they want the resulting armed body to have the approval of the community.

This effort to propose an option is based on the following assumptions:

A. Most Panamanians want a demilitarized republic.

B. Most Panamanians want a civilian police, without the possibility of any military evolution.

C. Most Panamanians don't have any problems with the policemen (the much appreciated "cops") of the defunct FDP. However, they have a reason to be skeptical about the motives of career military officers, who are still the majority in the Public Force. We know that for the military officers of our America, democracy is only a pause between military dictatorships.

D. Most Panamanians know that the Canal cannot be defended from a military perspective, that the possibilities of an insurgency are nonexistent for countless reasons. In addition, they know that the threat from drug cartels is a serious problem, but that it is not an essentially military problem.

To establish the option that I am presenting, I held several meetings that lasted many hours with active police chiefs of extremely violent communities and with directors of other police-related institutions.

Constitutional Title:

The Republic of Panama declares itself a demilitarized country through constitutional reform approved by two assemblies controlled by opposing political forces. This implies that the country's demilitarization is the desire of a great majority of Panamanians.

General Goal of the New Law:

The creation of a provincial civilian police that will become an example for and the pride of America.

Specific Goal:

Preservation of the life and property of citizens.

Means to Measure Compliance:

An objective means to gauge police efficiency is the average time spent to respond to citizens' calls. The goal of efficient police forces from around the world is to respond to routine calls in less than 15 minutes and to emergency calls in less than three minutes. A report on

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the efficiency level for the police force of each province must file each month in each community.

Maximum Number of Police Employees:

For every 1,000 inhabitants 2.5 policemen plus 25 percent of not uniformed support personnel. This proportional figure — which is internationally recognized — must be established by law and must increase in proportion to population growth. This figure does not include transit police — which should be unarmed — and placed under the Public Works Ministry, which will be responsible for sign-posting streets and avenues.

Security guards posted at embassies, ministries, and so on, which should be under SPI responsibility, are not included either. These figures should be applied to the autonomous police forces of each province according to the number of residents. National coordination will be in the hands of the government and justice minister.

Titles and Terms:

Chief of police, deputies chief of police, division chiefs, department chiefs, police officers, and policemen. The chiefs of police of each province should not hold this post for more than five years and will be appointed and freely removed by the president of the Republic through the governor of each province.

Career Plan:

Recruitment, minimum education, ethnic and geographical representation, system of admission exams, polygraph, psychological exam, oral exam, investigation into family background, employment, academy, practical training, evaluation, promotion, right to free unionization with the exception of right to strike.

Weapons:

.38-caliber revolver or .45-caliber pistol per unit, 12-gauge shotgun for each patrol, with special regulations, 50 automatic weapons at the central headquarters in Panama for use by the SWAT unit during emergencies. The SWAT unit is made up of regular policemen who respond to emergency calls. The concept of civilian policemen equipped with war weapons is a contradiction.

Uniforms and Attitude:

Although this might seem to be a minor issue, it is very important that there be a radical change in the uniform worn by the new police (via new law). The uniform must be clearly that of a civilian police and should definitely avoid shades of khaki used by the military and prefer blue or gray colors. It should be an elegant uniform that elicits civilian pride and a change in attitude within the policeman and of the community toward the policeman.

The salute, manners, and language should move away from military customs and move toward those that are inherent of a civilian police. This process starts at the academy by eliminating any degradation or humiliation and teaching of the infamous "due obedience." We are creating civilian policemen, not soldiers. Their attitude toward the civilian population cannot be a military one of "them and us," but simply "us."

Organizational Structure:

One in every 6,000 employees is represented but the proportions are valid for the entire provincial police regardless of its size.

Budget

Twelve thousand dollars per man per year plus 12 percent in administrative expenditures accompanied by yearly adjustments for inflation. The key is to have fewer policemen who are better paid, better uniformed, better equipped, and better trained, and who will gain the respect and cooperation of the community.

Vital Equipment:

A good communications system. A computer system that is able to spot calls, patrol cars, and the use of helicopters for police purposes.

Description of the Post of Police Chief:

Civilian, with a profound sense of service to the community. Masters degree or equivalent in public or business administration. Good people and money manager. Intensive 12-week course at FBI Academy in Washington.

Duties that the Police Should Not Exercise:

Transit, prison control, security at embassies and public buildings, immigration, control of private security companies, registration of (not permits) for weapons, canal safekeeping (separate body consisting of 300 canal security guards), and intelligence.

I hope that something in this article will serve the commission that is studying the Police Bill. It is the product of a research conducted with practicing experts who head police forces in communities that are as or more violent than ours.

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Argentina

Joint Chief of Staff Installs New Staff Members

PY2612212595 Buenos Aires TELAM in Spanish 1746 GMT 22 Dec 95

[FBIS Translated Excerpt] Buenos Aires, 22 Dec (TELAM) — General Mario Candido Diaz, joint chief of staff, today installed the new members of his staff and shared a ceremony with joint staff personnel, celebrating Christmas. [passage omitted]

Before the Christmas ceremony, General Diaz installed the new chief of operations, General Enrique Grazzini; the new intelligence chief, Rear Admiral Cesar Marti Garro; the new organization and special affairs chief, General Hector Giralda; and the new logistics chief, Brigadier Ricardo Ciaschini.

The new chiefs are replacing General Carlos Vernengo, General Jorge Rearte, and Vice Admiral Julio Lavezzo, who went into retirement.

Brigadier Ciaschini will occupy the post of logistics chief, replacing Brigadier Ruben Zinni, who will serve as Air Force attache in the United States.

Joint chiefs of staff, officers, NCO's, civilians, as well as special guests and relatives of the new Joint Staff members were present at the installation ceremonies.

Official Figures Show Decline in Unemployment Rate

PY2312020495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1605 GMT 22 Dec 95

[FBIS Translated Excerpt] Buenos Aires, 22 Dec (NA) — According to official figures released by INDEC [National Institute of Statistics and Census] today, the unemployment rate in October dropped to 16.4 percent, that is, two points below the unemployment rate measured in May. INDEC reported in addition that the employment rate also dropped, by four points.

The unemployment rate was 18.6 percent in May. The new figures show that unemployment is dropping, a trend that the government will attempt to strengthen during the next year by creating new jobs.

The official figures indicate that the rate of underemployment increased compared to the previous measurement, from 11.3 percent in May to 12.6 percent in October. [passage omitted]

The report also shows that the level of activities dropped from 42.6 percent in May to 41.4 percent in October, while the rate of employment dropped from 38.4 percent in May to 34.6 percent in October, that is, a drop of 4 percent. [passage omitted]

Bolivia

Government Considers Expelling Peruvian Reporters

PY2612170495 Madrid EFE in Spanish 0955 GMT 23 Dec 95

[FBIS Translated Text] La Paz, 23 Dec (EFE) — The government is studying the possibility of expelling Rosa Ivonne Neyra Salmalvides and Guillermo Arturo Vivanco Arriaga, two Peruvian journalists residing in Bolivia as refugees, "to a third country" for allegedly meddling in the country's internal affairs. Both journalists were arrested on 18 December.

Bolivian President Gonzalo Sanchez de Lozada will have the last word in the expulsion of both journalists to a country that the interior minister did not name. On 22 December the president met informally with Bolivian press union leaders to discuss the situation.

Sanchez de Lozada promised to review the situation before deciding whether to expel the Peruvian journalists. The president said that "the evidence was only circumstantial," acknowledging, however, that the presence of the Peruvian journalists in the country has made Bolivian security organizations nervous.

The Interior Ministry press communique announcing the expulsion charged that police investigations revealed that the two journalists were involved in organizing and coordinating the activities of Peruvian criminal groups in Bolivian territory, meddling in Bolivian political internal affairs, and conspiring "against the country's internal security."

The Federation of Bolivian Press Workers [FTPB] denounced the fact that Neyra and Vivanco were arrested and "illegally kept incommunicado at the state security service," adding that the agency also tried to involve Bolivian press organizations in "alleged illegal activities such as terrorism and kidnapping."

The FTPB issued a long document pointing out that Neyra's arrest was the consequence of a report of sexual harassment made by Neyra against a Peruvian military officer called Guillermo Guerra and the result of her petition of guarantees before the Family Protection Brigade.

Guerra even attacked Neyra at her temporary residence, an old house that had just been purchased by a group of La Paz journalists to build an apartment building, probably out of contempt for Neyra's rejection.

Neyra and her brother-in-law Vivanco, who are under the protection of the UN High Commissioner for

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Refugees (UNHCR), went before the Bolivian police to seek protection.

Two days later the two journalists were arrested. Their arrest occurred during police raids in search of Peruvian citizens with alleged links with the extremist Peruvian Tupac Amaru Revolutionary Movement, which is suspected of having participated in the kidnapping of industrialist Samuel Doria Medina, who remained in captivity for 45 days.

The press unions cleared away all suspicions, and even though Bolivian authorities acknowledged that they have not pressed any charges against the two, no one "wants to take the responsibility for their arbitrary and undue arrest," the Press Federation document says.

Government Remits Extradition Request to Uruguay

PY2612164595 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 26 Dec 95

[FBIS Translated Text] The Foreign Ministry has decided to send legal adviser Saul Lara to the Uruguayan capital, Montevideo, to present the official extradition petition for Peruvian citizens Luis Miguel Samaniego and Silvia Gora Rivera on charges of falsifying documents.

The Foreign Ministry made a summary of the legal situation of the two Peruvian citizens, who are staying in that city as refugees. Foreign Minister Antonio Aranibar said some days ago that his office could not sent the document without the official request of the judge who will hear the case. Aranibar added, however, that the Foreign Ministry had already taken steps to secure their extradition through diplomatic channels.

According to Bolivian intelligence services, Samaniego and Gora Rivera are allegedly involved in the kidnapping of industrialist Samuel Doria Medina, who was released by his captors after 45 days of captivity.

The extradition petition is made only on charges of ideological and material falsification and the use of falsified documents, which, according to the penal code, carry a penalty of one to six years' imprisonment.

Luis Miguel Samaniego obtained the identity of Fernando Torres in Bolivia. He obtained an identity card and a passport — number 34371286 — in La Paz. Silvia Gora Rivera followed a similar procedure. Her passport has the number 4772515. With those documents, the two traveled to Montevideo, where they went to see the UN High Commissioner on Refugees. They told an Uruguayan court that they had nothing to do with the collection of ransom money for the kidnapping of Bolivian industrialist Doria Medina.

According to local investigations, Samaniego is the husband of Elizabeth Ochoa Mamani, the alleged leader of the Peruvian subversive group Tupac Amaru's southern command.

Brazil

Minister Renews Sivam Contract With Raytheon

PY2612190795 Rio de Janeiro JORNAL DO BRASIL in Portuguese 26 Dec 95 p 2

[Report by Leandro Fortes]

[FBIS Translated Text] Brasilia — Aeronautics Minister Brigadier Lelio Lobo on 22 December signed a renewal of the Amazon Region Surveillance System (Sivam) contract, with the concurrence of representatives of Raytheon, the U.S. enterprise that submitted the winning offer for the supplying of equipment for the project. The commercial contract expired on 25 December, but the minister decided to sign the renewal on an earlier date, extending the contract for 30 days, because the expiration date was Christmas Day.

The commercial contract with Raytheon — which was signed on 27 May — covers the supply of air defense and environmental monitoring equipment. It was renewed for 30 days on 23 November. One Aeronautics Ministry officer said the second renewal was subject to political evaluation with President Fernando Henrique Cardoso. Minister Lobo's main contention was that, as specified in one of the contract clauses, the contract will come into force only after the Federal Senate approves the financing of 1.4 billion reals with foreign credits. That decision will be made only in January 1996.

One Strategic Affairs Secretariat (SAE) official said: "The options were to let it die or to continue to struggle for it." He added that the commercial contract has "political significance," and added that its renewal reflects the government's willingness to strive to implement Sivam despite the constant flow of charges against the project.

The SAE official said that no modification was introduced into the contract, to prevent new criticism of the undertaking. He said: "If the Senate approves foreign financing, the commercial part of the project will have already been coordinated."

Sivam has been the target of charges since 1993, when the government alleged "national security" reasons for contracting the enterprises that would implement the project without a public tender. The charges range from lack of transparency in the design of the system to bribery and fraud. None of them, however, were strong enough to convince the governments of Itamar Franco or Fernando Henrique Cardoso to reconsider the project.

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Article Reviews ESCA-Raytheon Association

PY2112142295 Rio de Janeiro JORNAL DO BRASIL in Portuguese 20 Dec 95 p 4

[Article by Leandro Fortes]

[FBIS Translated Text] Brasilia — The report Aeronautics Minister Brigadier Lelio Lobo will hand President Fernando Henrique Cardoso on 21 December, admits that a contract for cooperation has been signed between ESCA [Automation and Control Systems Engineering] and Raytheon Company in 1992. According to Minister Lobo, the Brazilian Air Force [FAB] has not interfered or participated in the signing of this contract. The report states that ESCA decided, on its own, to associate with Raytheon because "it saw in the association a good business opportunity," which would become a reality a year later: The Amazon Region Surveillance System [Sivam] project, for which Raytheon was chosen to implement. A FAB officer reported on 19 December that from 1980 to May 1995, ESCA has maintained a management contract with the Ciscea [Commission for the Implementation of the Airspace Control System], with the objective of advising the Aeronautics Ministry in the implementation of the Air Safety and Air Traffic Control Center [Dacta], which was concluded in the 1980's. Through a contract, ESCA was appointed to act as a Brazilian Government intermediary before the French company Thomson, which has supplied the Dacta equipment. In August 1993, Thomson lost the Sivam bidding and Raytheon was chosen to implement it.

Minister Lobo will try to convince President Fernando Henrique Cardoso that, for mere commercial interests, ESCA decided to sign a "letter of intent" with Raytheon without having received any remuneration for that. Simply because it believed that the technical capacity of the U.S. company surpassed that of Thomson, which had been FAB's old partner in several defense projects. According to a FAB officer, ESCA worked together with Thomson for 15 years and, for this same reason, did not have to sign any cooperation contract with the French company similar to the one it signed with Raytheon.

An officer of the Aeronautics High Command said that it was decided to use ESCA to manage the Ciscea in order to make operations related to Dacta "more agile" and, particularly, to avoid the complications and long bureaucratic delays which normally result from compliance with the law on public tender biddings. According to this officer, the Aeronautics Ministry "does not have the adequate structure" to plan, alone, projects as huge as Sivam. He pointed out, for example, that at the time of the Dacta implementation — which covered the south, southeast, center-west, and northeast regions — ESCA was in charge of tasks ranging from hiring specialized personnel to the purchase of radars and energy-generating equipment.

Editorials View U.S. Envoy's Remarks on Sivam

Remarks 'Unfortunate'

PY2612102395 Sao Paulo FOLHA DE SAO PAULO in Portuguese 22 Dec 95 Section 1 p 2

[Editorial: "Unfortunate Idea"]

[FBIS Translated Text] An unfortunate idea. That is the least that can be said about the statements made by U.S. Ambassador Melvyn Levitsky on the Sivam [Amazon Region Surveillance System] case.

The representative of a foreign country does not have the right to imply that the decision of a country on a bid will harm its relations with the United States. This is so, first, because there evidently is exaggeration involved.

If the Brazilian Government decides to review the Sivam project, it could irritate the U.S. authorities, who made a great effort with regard to this contract. But to move from that to the harming of bilateral relations, which involve other aspects infinitely more relevant, involves serious extrapolation.

Besides this, the ambassador seems to be behaving like a pro-consul, as he tries to teach the Brazilian authorities what is and what is not convenient for Brazil.

It would be understandable if Levitsky had presented his arguments in private to the Foreign Ministry or even to Planalto Palace. In the wake of the Cold War, diplomacy has taken more of a commercial than political turn, and ambassadors have also come to act as commercial representatives.

Even in this case, one would suppose that the Brazilian authorities would know how to react if Levitsky's arguments caused an improper pressure.

By making his arguments public, the ambassador, besides disrespecting protocol, engaged in interference that can only deserve repudiation.

Envoy 'Simply Complied' With Duty

PY2612141095 Rio de Janeiro JORNAL DO BRASIL in Portuguese 22 Dec 95 p 8

[Editorial: "Festival of Backwardness"]

[FBIS Translated Text] Imagine if the Chinese press labeled as "inadmissible pressure" or "improper interference" the legitimate Brazilian interest, expressed through diplomatic channels, in allowing the Brazilian

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CBPO and Andrade Gutierrez construction companies to participate in the construction of the gigantic Three Gorges hydroelectric dam.

Well, that is exactly what is happening here regarding the statements made by U.S. Ambassador Melvyn Levitsky as he defended, during an interview, the competence of the U.S. company Raytheon, chosen by the Brazilian Government to implement the Sivam [Amazon Region Surveillance System] project.

First, ambassadors are paid to defend the interests of the country they represent. If an ambassador did not do that, he could be accused of having sold his services to foreign interests. Ambassador Levitsky has therefore simply complied with his duty as he explained that Raytheon is not the object of any accusation in the United States.

He said that Raytheon is not only a reliable company — as it manufactures the Patriot missiles that excelled in the Persian Gulf war — but it also has solid sales in the range of nearly $20 billion. To conclude, the ambassador said that if Raytheon by chance committed an act of corruption, it will be punished in its own country, which has strict laws on the subject.

Second, the newspaper requested an interview with the ambassador. The ambassador did not seek out the press to express strong or inconvenient opinions. Nor did he express his opinion on the conduct of the investigation, much less on the criterion used by the Brazilian authorities, regarding the Sivam case. This is very different from what happened in Argentina, where Ambassador James Cheek summoned the media to say that he considered it absurd that President Menem should dismiss economy czar Domingo Cavallo.

The fact that a country where people queue up to obtain a visa at the U.S. consulate continues viewing the U.S. ambassador as a sort of Trojan horse representing evil interests is indicative of inadmissible backwardness. It is as if Brazil were a parody of itself, like the imaginary country in the movie "Moon Over Parador."

In an apparently outmoded agitprop farce, which at heart is a declaration of dependence, a country is revered while its representative is abhorred. After all, anthropologists say "if they are responsible for everything bad that happens to us," they are also responsible "for everything good." Those who fish in troubled waters are simply manipulating this colonial mentality according to their own interests.

It is surprising that a congressman with great experience should consider Levitsky's statements "interference in the domestic matters of the country" simply because the Sivam is being debated in Congress. A former Brazilian president really insulted our sovereignty when he filled an airplane with guests to attend a typical party in Paris for the commemoration of the 200th anniversary of the French Revolution, at the expense of contributors. And he did not even manage, after all that, to obtain a seat at the table of Francois Mitterrand.

Cardoso Comments on Community Program Achievements

PY2612153995 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 26 Dec 95

[Statement by President Fernando Henrique Cardoso for the weekly radio program "A Word From the President"]

[FBIS Translated Text] There are only five days until the end of the year. For the first time since the beginning of the 1970's, we are closing the year with an annual inflation rate of nearly 20 percent. This triumph of the Real Plan against inflation belongs to the entire Brazilian people, who trusted in the real and who struggled against price increases. You and your family, who eat better nowadays, are the ones who know that the real is successful and has changed the lives of the Brazilian people.

The real maintains the credibility it earned when it was launched last year. The family basket price varied slightly from June 1994 to the present. Its price in June 1994 was an average 101 reals [R], and by the end of the year it should be approximately R106.

The 1994 grain harvest was a record harvest, and thanks to it, the price of food increased very little. The farming sector has helped the Real Plan a lot. The government had to do its part. This is why we adopted several measures. We renegotiated the overdue debts of the farmers with the Bank of Brazil, we opened new lines of credit with a 16 percent annual interest rate, we created a program to generate jobs and rural income — the Proje.

Throughout the year, I said that the administration does not have enough money. Therefore, we must know how and where to spend, and, whenever possible, spend what we have in partnership with the businessmen, states, and municipalities. The following are examples of partnerships between my administration and states and municipalities.

The pro-housing program launched during the first half of the year is already improving the standard of living of 108,000 families whose income is up to three minimum salaries. Another program, the pro-sanitation program, has resulted in the spending of R895 million to finish sewage and potable water construction projects benefiting low income individuals. The money for the two programs comes from the FGTS [Severance Pay

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Fund]; therefore, it is the workers' money that is being returned to the workers in the form of construction works.

Speaking about workers, I would like to mention here what took place in the field of employment this year. The labor market in Brazil is changing, just as it is changing in most developed countries. Many Brazilians lost their jobs in 1995 because there are companies that are subcontracting services. This means they are dismissing employees, who in turn open a small company and sell their services to the same industry they used to work for. Since the beginning of the Real Plan, employment rate and income increased most among the Brazilians who work on their own and who do not have legal work and contribution documents.

Those of you who always listen to my program must have noticed that today I am making a general assessment of the issues I have discussed here throughout the year.

Now I want to speak about education. We did a lot in this field. We created the school-television program to train teachers and help their work in classrooms, we increased the distribution of school books, we reinforced the school lunch program in the poorest districts, and we created the basic education and teacher upgrading development plan. This plan, which must still be voted on in Congress, disciplines the distribution of funds in the field of primary school education, defines the responsibility of the federal administration and of the municipalities, and guarantees better salaries for teachers.

In the field of health, we increased the number of community health agents. The work of these simple and dedicated agents is reducing the number of consultations in health units and it is helping to reduce the infant mortality rate. This is happening because the health agents are teaching the poorer classes to defend themselves from malnutrition and illnesses, and they are teaching them basic hygiene concepts and informing them of the government vaccination campaigns.

The Community in Solidarity Program guarantees the community health agents program and all the government social programs. The Community in Solidarity Program helps expedite the distribution of funds from the ministries and seeks partnerships with the private sector. Together with the states and municipalities, the Community in Solidarity Program has already distributed food baskets among more than 1 million families. It has expanded the campaign against malnutrition benefiting more than 1 million children and expectant mothers.

As of January, the Community in Solidarity Program will develop a new experience: the University in Solidarity Program, by which groups of university students, under the guidance of a teacher, will provide instruction in basic health and education concepts to poor people in northeastern Brazil and northern Minas Gerais State. The Community in Solidarity Program is planting throughout the country a spirit of unity, the idea of a country with greater solidarity where everyone works for everyone. This is what we must increasingly seek in 1996: a spirit of solidarity. Let us all work together to continue transforming Brazil into a richer and fairer country. Happy New Year, Brazil.

Senators 'On Duty' in Congress During Recess

PY2112022995 Sao Paulo AGENCIA ESTADO in Portuguese 2330 GMT 15 Dec 95

[FBIS Translated Text] Brasilia, 15 Dec (AE) — Senator Antonio Carlos Magalhaes [ACM] (PFL-BA) [Liberal Front Party-Bahia], who has been the pivot of the governmental crisis with Congress, will stay in Brasilia during the so-called blank recess period. He is a member of the group of six senators and 16 deputies who will be on duty in Congress until 8 January, when the special congressional season begins in order to vote on issues deemed urgent. The group will be called the representative committee, and will be officially installed on 19 December.

In addition to ACM, the following senators will also comprise the committee: Renan Calheiros (PMDB-AL) [Brazilian Democratic Movement Party-Alagoas], Ney Suassuna (PMDB-PB) [PMDB-Paraiba], Odacir Soares (PFL-RO) [PFL-Rondonia], Teotonio Vilela Filho (PSDB-AL) [Brazilian Social Democracy Party-AL], and Lauro Campos (PT-DF) [Workers Party-Federal District]. The following will be the substitute senators: Nabor Junior (PMDB-AC) [PMDB-Acre], Flaviano Melo (PMDB-AC), Julio Campos (PFL-MT) [PFL-Mato Grosso], Hugo Napoleao (PFL-PI) [PFL-Piaui], Sergio Machado (PSDB-CE) [PSDB-Ceara], and Eduardo Suplicy (PT-SP) [PT-Sao Paulo].

The deputies who will also comprise the committee are: Osorio Adriano (PFL-DF), Paes Landim (PFL-PI), Saulo Queiroz (PSDB-MS) [PSDB-Mato Grosso do Sul], Pedrinho Abrao (PTB-GO) [Brazilian Labor Party-Goias], Fernando Diniz (PMDB-MG) [PMDB-Minas Gerais], Ubaldo Correa (PMDB-PA) [PMDB-Para], Zila Bezerra (PMDB-AC), Benedito Domingos (PP-DF) [Progressive Party-DF], Prisco Viana (PPB-BA) [Brazilian People's Party-BA], Wigberto Tartuce (PP-DF), Arnaldo Madeira (PSDB-SP), Luiz Carlos Hauly (PP-PR) [PP-Parana], Paulo Bernardo (PT-PR), Miro Teixeira (PDT-RJ) [Democratic Labor Party-Rio

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de Janeiro], Waldemar Costa Neto (PL-SP) [Liberal Party-SP], and Nelson Gibson (PMN-PE) [National Mobilization Party-Pernambuco].

'Highlights' of Bill on Oil Monopoly Regulation

PY2712013595 Sao Paulo AGENCIA ESTADO in Portuguese 2240 GMT 20 Dec 95

[FBIS Translated Text] Brasilia, 20 Dec (AE) — Here are the highlights of the bill regulating the easing of state monopoly on oil, which has been presented by Mines and Energy Minister Raimundo Brito:

Regulating entity — The powerful entity that will conduct, regulate, and supervise the process of granting concessions over the areas for oil and natural gas prospecting and exploitation has been baptized as the National Oil Department [Departamento Nacional do Petroleo — DNP]. The DNP will be an autonomous government organization, will have administrative autonomy, and will be financed with fees to be charged for supervision work, and a percentage of the price to be charged for the concession. It will have a collegiate board of directors, who will occupy their positions for a previously established period of time. The National Council for Oil Policy, which will also be created, will assist the DNP in its activities.

Exploitation Areas — The regions where there are possibilities of finding oil will be divided into blocs. The Brazilian Petroleum Corporation [Petrobras] will continue controlling the blocs where it is already working. The other blocs will be offered in tender biddings for three-year research work terms, which can be extended for two more years. Contracts for oil exploitation will then be signed and will not have a deadline for the exploitation work.

Biddings — The DNP will draft a schedule for bidding the blocs, according to the country's needs. Brazilian and foreign companies can participate in the biddings and the volume of investment and prices offered for the work will be taken into consideration. If what Petrobras offers is equal to what another bidder offers, the state-owned company will be the chosen one.

Refining — Petrobras will maintain its refineries in operation. In six months, the DNP will establish together with the companies the Refining Plan, in accordance with the production needs. The construction of new refineries will depend on authorization to be granted by the DNP. If there is more than one candidate to construct a new refinery, the company that offers a better investment proposal will be the chosen one.

Transportation — The enterprises that produce, refine, or distribute oil or oil byproducts are allowed to be responsible for the maritime transportation of the product. They can build pipelines, but must allow third parties to use them, as long as they pay rent for it. The same rule applies to the use of port facilities that currently belong to Petrobras, but can be used by other companies in the future.

Import and Export — The DNP can authorize oil imports, whenever it proves necessary to meet domestic supply, or oil exports. The National Supply Plan will be used as reference for these operations.

Payment — The companies will pay for: the concessions, in accordance with each bidding call; the signature bond; royalties equivalent to 10 percent of what is produced — this percentage can be reduced to 5 percent; and a special royalty to the government, in case of a large production volume. They will pay in addition a yearly fee for the occupation of the area. Petrobras will continue paying 5 percent in royalties to the government.

Money remittance — In accordance with the current rules, money can be sent abroad.

Prices — The DNP will adjust the price of oil barrels every three months, in accordance with international prices. In exceptional cases, such as in the case of another war in the Middle East, the period for price adjustment can be reduced or extended. During the first 12 months after the easing of monopoly on oil, a plan for price transition — drafted by the National Council for Petroleum — will be in force.

Petrobras — This company wins an enormous administrative autonomy. It can purchase oil without complying with the rules established by the Biddings Law (8666); establish levels of salaries without submitting to the control of the State Enterprises Coordination Committee; establish a partnership with a majority or minority of shares in order to exploit areas already under its control; or participate with national or foreign companies in biddings for exploitation of new areas, including through its subsidiaries; and create new subsidiaries to act in any stage of production, refining, or distribution. The Union will remain the owner of most of the Petrobras shares (50 percent plus one). By opening the national market, the government wants to make the presence of Petrobras more aggressive in other countries. Minister Raimundo Brito said: "This is a two-way road."

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Court Annuls Ruling Suspending Financial System Program

PY2112015795 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 20 Dec 95

[FBIS Translated Text] The Central Bank has been allowed to continue implementing the Program To Encourage the Reorganization and Strengthening of the National Financial System [Proer]. The Federal Regional Court in Brasilia has annulled the preliminary ruling dictated by Judge Selene Maria de Almeida, of the Fourth Court, which suspended the Proer.

Investments Slated for Telecommunications Noted

PY2012013695 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 3 Dec 95 p B5

[Article by Milton F. da Rocha Filho]

[FBIS Translated Text] Dissemination of the new measures being implemented for the telecommunications area is causing real commotion in the private area. There has even been confirmation that large entrepreneurial groups will invest in the area.

The Brazilian Institute for Telecommunications Development (IBDT) estimates that, in the medium term, nearly $5 billion will be invested in private cellular telephony (the so-called b-band).

The companies LocaSat — which belongs to entrepreneur Olacyr de Moraes — Globo, and Odebrecht have already confirmed that they are interested in investing in the satellite-use area.

According to what IBDT President Oscar Correa Junior revealed, the regulatory measures have been deemed initially good.

Two Technologies

In the case of cellular telephony, there is still one more aspect: Brazilian Telecommunications Inc. has left in the hands of the state government companies the choice of the digital cellular telephony technology which will be included in the new contracts that will be tendered from 1996 on.

Two types of technology are competing: Time Division Multiple Access (TDMA) and the Code Division Multiple Access (CDMA).

Experts deem the two technologies excellent, but some of them believe that TDMA is more commonly used, while the CDMA is still in an experimental stage.

The U.S. concern Aulcom, which has the patent for the TDMA technology, does not share this belief or view. [sentence as published] Aulcom directors assert that the system has been in use in several U.S. cities, as well as other areas, including Hong Kong.

The state-owned telecommunications companies that will hold tender biddings in 1996 will not include in the bidding announcements the type of technology to be used in the projects and will leave this decision in the hands of the winning bidder.

A poll conducted by AGENCIA ESTADO in the last few days indicates that Bell South is the only group entitled to participate in cellular telephony tender biddings in the country that has not undergone any modification. The Bell South group is comprised of the Oesp company, the Safra Bank, and the Brazil South Communications Network (Rede Brasil Sul de Comunicacoes — RBS)

This group still intends to invest in the b-band technology.

Another group that has appeared recently and already expressed its interest in participating in this market is one comprised of Globo, AT&T, and Bradesco [Brazilian Discount Bank]. Originally, this group was comprised of Globo, Stet (Italian), and Bradesco. Other groups are currently being comprised, such as the Monteiro Aranha-South Western Bell, Andrada Gutierrez-U.S. West, and Itamarati-Splice, as well as one more company, the participation of which is being negotiated.

Investments

The firms France Telecom, which is already extensively participating in Argentine companies, and U.S. General Electric have announced that they are interested in participating in the process for privatization of cellular telephony in the country.

Ericsson President Carlos Paiva Lopes believes Brazil will benefit from the competition for participation in this market, because it will receive investments that will allow rendering of high-quality services.

Government Releases Study on Patent 'Pipeline'

PY2512224595 Sao Paulo AGENCIA ESTADO in Portuguese 2310 GMT 22 Dec 95

[By Milton F. da Rocha Filho]

[FBIS Translated Text] Sao Paulo, 22 Dec (AE) — A study made by Itamaraty [Foreign Ministry] on the "pipeline" shows that it protects products that are still in the laboratory testing phase (at a clinical or preclinical stage), for which no patents have yet been requested in Brazil. Contrary to what has been said, the study emphasizes that the "pipeline" will not generate obligatory retroactive payment of royalties by Brazilian

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enterprises. The "pipeline" will apply only to products that have never been sold on any market, that are undergoing laboratory tests, or that are being evaluated by an appropriate organ that will authorize product marketing.

Likewise, the "pipeline" will not apply if preparations for manufacturing the product have already been made in Brazil. This way, the study says, a Brazilian enterprise that has already sold a product on the Brazilian market, or that has already invested for manufacturing it in Brazil, will not be compelled to pay royalties.

One of the objectives of the "pipeline," according to Itamaraty, is to prevent copies of products that have not yet been marketed because they are undergoing laboratory tests or are being evaluated by the appropriate organ, which should authorize the sale of the product on the market. This protection, the study says, aims at supplying the market with latest-generation products, avoiding industrial secrets.

Itamaraty advocates the adoption of the "pipeline" with two restrictions: 1) the patented product should not have been sold on any market (Brazilian or abroad); 2) third parties should not have made serious and effective preparations for manufacturing the patented product in Brazil. These restrictions, according to Itamaraty specialists, are sufficient for preserving the rights of Brazilian enterprises, emphasizing that no royalties will be paid in those cases.

Chile

President Outlines Stance Against Corruption

PY2612171095 Santiago EL MERCURIO in Spanish 22 Dec 95 p A1

[FBIS Translated Excerpt] Chilean President Eduardo Frei Ruiz-Tagle has stated that the government position against possible corruption pockets in the country "must be preventive, firm, and of an examplary nature." He added that Chile and its public administration "are far from the corruption level existing in other countries and areas of the world, which seriously threatens the stability of many democracies."

He made these remarks yesterday during a ceremony marking the 100th anniversary of the State Defense Council (CDE), created by President Jorge Montt through Decree No. 2689, dated 21 December 1885. The ceremony was held at the Honor Hall of the former National Congress. Present were Supreme Court President Marcos Aburto, former President Patricio Aylwin, the former CDE presidents, and Santiago Archbishop Cardinal Carlos Oviedo Cavada.

President Frei said that the CDE surely plays a special role in preventing corruption, and that he has special confidence in the CDE "because the opportunity ahead of us demands a sound society which will make all possible efforts to build democracy and equity."

CDE President Luis Bates said he was in a position to say "responsibly that in Chile today there is no generalized corruption, that in Chile there are no corrupt systems that might jeopardize the state and the political regime, as those we have studied and witnessed in other parts of the world."

He added, however, that in the country "there are some alarming situations because of their characteristics and a sustained increase in situations associated with this problem in areas more vulnerable to corruption than others. [passage omitted]

Frei Announces Railroad Concession to Private Sector

PY1912211795 Santiago EL MERCURIO in Spanish 15 Dec 95 pp A1, A19

[FBIS Translated Excerpt] The administration plans to grant concessions to private enterprises for the exploitation of the railroad passenger service, along with the repair and maintenance of railroad lines.

President Eduardo Frei, who announced the new railroad policy yesterday, said that the railroad rehabilitation process will start as of 1996 with the bidding of the Santiago-Chillan stretch, which will see train speeds of up to 140 km per hour by the year 2000.

The improvement of the National Railroad Company (EFE) comprises granting concessions to private enterprise for the exploitation of passenger service. In view of this, those sections that are not considered to be economically profitable will be subdivided according to what is more beneficial for society.

Beyond EFE's normal responsibility, within the framework of this new policy, the government will be in charge of regulating, controlling, and supervising EFE to implement this policy which involves its assets. [passage omitted]

Frei's announcements dispels the existing doubts about the future of one of the most backward Chilean companies. We now only have to be informed about the airport policy. President Frei said he will make an announcement soon about the airport policy. This means that the state policy regarding roads, ports, sanitation companies, and railroads will be completely defined.

It took the administration an entire year to assess the situation in EFE and, according to what Frei has ex-

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plained, this program will end with the implementation of the current investment program, which comprises $70 million. Private enterprises estimate that a minimum of $500 million is needed for investment in railroads.

During a ceremony held in the O'Higgins Room of Government House yesterday, which was attended by almost all cabinet members, the president disclosed the guidelines of the new railroad policy.

He stressed the urgency of solving the needs that have affected the sector for many years. The president was categorical in noting that the administration has no intention of abolishing the railroad transportion system, which fulfills an important public service.

However, he said that this does not mean that the current situation will continue. Frei said: "I can categorically assert that I will not be the one responsible for closing EFE, or be blamed for not doing anything about the current situation."

He said he intends to improve the passenger service by modernizing it and making it more efficient, more comfortable, and safer and faster for all Chileans.

Frei said that there are several factors prompting the administration to maintain the railroad service, among them the fact that 80 percent of Chileans inhabit the central and southern regions, and the consideration that an increase in the income of Chileans has compelled people to travel around the country, thus creating a potential demand for railroad services.

He also said that the regionalization process is irreversible and that, therefore, train service is indispensable for generating new activities. In addition, there is the possibility that travel between urban areas will increase.

The basic criteria encompassed in the policy explained by the prsident includes the granting of concessions to private investors for the supply and maintenance of railroad infrastructure and for the exploitation of passenger services.

These concessions may be awarded jointly or separately, and this will depend on the economic and technical advantages and, in particular, the imperative of improving railroad services.

The bids will demand certain minimum standards. Furthermore, it will be up to those awarded the concessions to implement and finance the investment and improvement programs as well as the maintenance services for a limited period of time. [passage omitted]

Frei added that the bids for the awarding of concessions of passenger services must guarantee efficient and good quality service. He said that preference will be granted to the development of the so-called suburban train system around major urban centers.

Another subject broached on the occasion was the large number of EFE assets. Among them are lots located in the downtown area of numerous cities. Frei said this represents a clear opportunity for urban renewal through real estate projects that may be conducted by private enterprise. Through the bidding of these lots in cities like Arica, San Bernardo, Concepcion, Temuco, and Valparaiso, new job opportunities will be created. [passage omitted]

Pinochet Stresses Role of Media, Armed Forces

PY2612144995 Santiago EL MERCURIO in Spanish 22 Dec 95 p C3

[FBIS Translated Excerpt] During a year-end luncheon with Chilean directors, editors, and reporters from the press, radio, and television yesterday, the Army commander in chief, Captain General Augusto Pinochet, warned about possible distortions within the communications media concerning the role of the Armed Forces.

The traditional luncheon was held at the Lo Curro Military Club, with the participation of several generals and Army officers headed by the Army deputy commander, General Guillermo Garin, who recently returned from a trip to China.

Once in the dining room, and after a preliminary cocktail, Gen. Pinochet addressed those present and expressed year-end greetings. He then briefly referred to the role of journalism within the nation, stressing the fact that given "the significance of the professional field of journalism, nearly the entire community is somehow related to it."

He told the media that given the importance social communications media have attained over the past century, if they give wrong information about the role of the military, if ideological instruments or contingent political categories are admitted, or if private interests are allowed, "the [illegible] defense of the fatherland, its national security, and the institutional order will be affected."

He said that we must be very careful "not to mistake the public role of governing that the Armed Forces played during the 1973 political crisis, and the opinions that said action deserves, with the strategic basis of these institutions, or their continuity, principles, and functions."

He also recalled that the Armed Forces play a historical, permanent, and supra-political role.

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He added: "Moreover, it is not possible to deprive the Armed Forces of the role of safeguarding the fatherland, which is also the role of all Chileans, together with the institutions that must play the same role."

Pinochet said that the Army is facing a systematic process of modernization and adaptation to the new situations imposed by current and future circumstances. [passage omitted]

Official Notes Importance of Double Taxation Pacts

PY2712005495 Santiago ESTRATEGIA in Spanish 20 Dec 95 p 6

[FBIS Translated Text] Finance Under Secretary Manuel Marfan said that after the bill allowing the signing of double taxation agreements is approved, "it could really be said that Chile is an open economy in all its fronts because this is what was missing."

Marfan added that with the signing of the agreements our country will have a better chance of importing technology and know-how [proceeding word in English] from abroad. But the doors will also be opened to be able to compete under equal conditions by making investments abroad and exporting services.

Marfan noted that the current tax system has a clear trend for higher taxes on foreign investments with greater technology but that this is somehow alleviated with this bill.

He explained that "the strategic decision" made by the government is that once this bill is approved, negotiations will be started with several important countries, "especially of Latin America and Southeast Asia."

Marfan believes that because the bill was submitted to Congress for urgent debate and it is an issue on which there are no political disagreements, the bill will be approved without mayor problems if other bills under debate are also approved.

He said no decision has yet been made with which countries will be negotiated first, but he noted that the countries that will have priority are those with which there are already trade agreements or negotiations are being held, with those that have legislation compatible with the Chilean, and with those in which there is an equilibrium on potential investments.

The way to prevent double taxation with each country will depend on the bilateral agreement negotiated. The bill establishes, however, some general changes which will be the "basis" for the negotiations.

It is established, for example, that the principle of residence will be considered in general terms.

Regarding the income of companies, effort is being made to prevent that when taxes are paid in another country they are also paid in Chile. To do that, the idea is to enlarge the credit, that was established as a result of the 1993 tax reform, by which cuts of up to 15 percent can be made on the first class taxes that the company has to pay in Chile. There is now a proposal that the credit be 30 percent and that other taxes of the tax network be reduced. This is only valid with the countries with which agreements were signed.

A proposal was also made for a reduction of the Additional Tax on royalties from 35 to 30 percent. This reduction will be unilateral with or without the double taxation agreement. In case negotiations are held with another country, the reduction could be under 10 percent.

Marfan explained: "Except for this rate reduction, this project is mild if there are no double taxation agreements. If there are agreements, they help in preventing abuse. The agreements will establish mutual concessions for allowing additional reductions."

Supreme Court Upholds Closure of Soria Murder Case

PY2612144795 Santiago EL MERCURIO in Spanish 22 Dec 95 p C9

[FBIS Translated Excerpt] The criminal chamber of the Supreme Court unanimously upheld yesterday the closure of the investigation ordered by Judge Eleodoro Ortiz Sepulveda into the homicide of Spanish citizen Carmelo Soria, an official of the CEPAL [Economic Commission for Latin America], who was murdered on 14 July 1976. His body was found in El Carmen canal, La Piramide sector, near his automobile. The Supreme Court also confirmed the judge's decision not to try three Army officers involved in this case, and not to carry out an investigation that is still pending.

The Supreme Court heard this case after attorney Alfonso Insunza Bascunan filed an appeal against the resolution passed by the judge.

Insunza said after the ruling that this case is now definitely closed. [passage omitted]

Colombia

Venezuelan Planes Violate Airspace; Explanation Sought

PA2612143495 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 26 Dec 95

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Norte de Santander Department Governor Sergio Indrina Lopez this morning con-

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firmed to RCN that three fighter-type airplanes from the Venezuelan Air Force overflew the Norte de Santander zone of Tibu on 24 December, violating Colombian airspace. The official said the three Venezuelan airplanes overflew Colombian territory at 1300 on Sunday, and two similar airplanes flew over the Tibu zone again at 1400.

Indrina Lopez stated that once the incident was reported following radar detection of the airplanes, contact was established with Defense Minister Juan Carlos Esguerra, who indicated that an explanation would be sought from the Venezuelan Government through legal channels.

The governor said the incident should not be a cause for concern, alarm, or lead to excesses in handling the news. We hope relations between the two countries will stay within a communications framework to keep these incidents from reoccurring. The official ensured that situations such as overflying aircraft or the movement of troops by either country should be handled with care in order to find a definite solution to these incidents and avoid confrontations.

FARC Attacks Cundinamarca Municipality; Police Flee

PA2712020895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 27 Dec 95

[Report by Soraya Yanine; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] A total of 150 guerrillas occupied the town of Une, Cundinamarca Department, located only one hour from Santa Fe de Bogota. The 10 policemen, who were in town fired back but had to flee. A one-year old girl was killed.

Guerrillas from the 51st and 53d Fronts of the Revolutionary Armed Forces of Colombia, FARC, took over Une Municipality in Cundinamarca last night. The guerrillas simultaneously attacked with grenades, rockets, and rifle fire the police station, the mayor's office, and the Agrarian Bank, which they surprisingly did not rob.

The subversives also placed barricades on the road to Boqueron and Villavicencio. A police patrol that was deployed to the area with reinforcements was also attacked by the subversives. Two policemen were seriously wounded.

[Begin Policeman Julio Osorio recording] We were on duty when the firing began. We were confused at first but when the soul returned to the body, we repelled the fire as it should be done. [end recording]

The 10 policemen, who were on duty, repelled the attack for three hours, however, when the building was completely destroyed, the policemen had to flee. Some of them were stopped by the subversives.

[Begin General Luis Pineda recording] Four policemen were injured and we regret to report the death of Jennifer, a one-and-a-half year old girl, who was killed by the bandits. You can see how the police station was completely destroyed. It is a miracle that no one else was killed. [end recording]

Ecuador

Congress Head Asserts Right to Defense, Weapons

PY2612164395 Madrid EFE in Spanish 1323 GMT 26 Dec 95

[FBIS Translated Text] Quito, 26 Dec (EFE) — Ecuadoran Congress President Fabian Alarcon stated today that no country, "much less Peru," can ask Ecuador to limit its defensive capacity and right to acquire weapons to remain alert to domestic and foreign threats.

"Ecuador has all the right in the world to have the minimum defensive materiel the country needs. Ecuador's military defense cannot be disregarded, and for this reason, no country in the world, no foreign government, and much less Peru, can ask it to restrict its defensive capacity," Alarcon said in an interview granted to the "Teleamazonas" television network.

He said that the Americas and the world know that Ecuador is not an aggressive country, but that it must have the minimum materiel for its defense, and so it is absolutely logical to renew its armaments.

Alarcon added that Ecuador must not be alert only against Peru, a country with which it is disputing a piece of land without border markers on the common Amazon border, but against drug trafficking, and although this country does not have the problem of guerrillas, "nothing can be ruled out in the future."

The U.S. Administration had recently approved the sale to Ecuador of four Israeli Kfir aircraft with U.S.-made engines, although Peru and Ecuador are in a pacification process after the armed conflict at the beginning of the year.

The United States, Argentina, Brazil, and Chile are guarantors of the Rio de Janeiro Protocol, which established the limits between the two countries in 1942, and also the peace agreement of 1995.

Peruvian President Alberto Fujimori said on 23 December that relations with the United States will not be

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tarnished after the U.S. authorization to Ecuador to purchase the Israeli planes.

He warned, however, that "this decision would begin an arms race," and that the United States, as a guarantor country, has also promoted this sale of weapons.

Former Minister Comments on Coup Rumors, Arms Buildup

PY2612230395 Quito Voz de Los Andes in Spanish 1700 GMT 26 Dec 95

[FBIS Translated Text] According to Julio Prado Vallejo, former Ecuadoran foreign minister and member of the UN human rights commission, the Peruvian Government intends to purchase long-range weapons from Brazil.

Prado Vallejo also said that the proportion of war material between Peru and Ecuador is four-to-one in favor of Peru. Moreover, he said that according to reliable sources Peru is planning to purchase missiles, airplanes, and cannons from Brazil.

After stating that an arms buildup is inexplicable at this time, Prado Vallejo urged the Ecuadoran and Peruvian Governments to draft a document through which the two countries make a commitment not to resort to the use of force to thus achieve a definite solution of their border problem.

In the last few days, Ecuador and Peru have made mutual accusations of launching an arms race after it was officially reported in Quito that Ecuador is negotiating the purchase of four Kfir planes from Israel.

Nevertheless, according to reports from Peru, Ecuador plans to purchase a fleet of 12 combat planes. The former Ecuadoran foreign minister said: Peru has made a lot of noise about nothing because we have nothing to hide.

Julio Prado Vallejo also described as foolish and speculation the statement made by Edgardo Mercado, a former Peruvian foreign minister, who said that General Paco Moncayo, commander general of the ground forces, may perpetrate a coup in the country. Prado Vallejo said: Moncayo is a military officer who respects democracy who would never think of doing such a thing. The fact is that Mercado is obsessed with the rumors circulating in Peru. All that Ecuador intends to do is to replace its weapons, but not for launching a new war.

According to Mercado, Gen. Moncayo is responsible for handling Ecuadoran foreign policy in the peace negotiation process with Peru and has drafted a national program. In view of this, he has warned Peruvian officials that they are not negotiating with a weak and unpopular administration but with a military chief who only wants to buy time.

Army Chief Denies Arms Race; Supports Peace Process

PY2712003995 Quito Voz de Los Andes in Spanish 2300 GMT 26 Dec 95

[FBIS Translated Text] Ecuadoran Army Commander General Paco Moncayo said today that Ecuador has not started an arms race, but that on the contrary, it is supporting the pacification process with Peru to fulfill the commitments made in Itamaraty.

Moncayo said that efforts are being made to obstruct the purchase of four Kfir fighters under the pretext that the peace process between Ecuador and Peru would be affected, when in reality the purchase of the airplanes are aimed at replacing ones lost in accidents.

Moncayo added that with this attitude, the idea is to create a scandal to cool down the enthusiasm shown by the Americas in their support for the negotiations process. He said there is hope that no one will fall into the trap of thinking that Ecuador has begun an arms race, and hoped that everyone would understand that they are religiously fulfilling their commitment.

He made it clear that the purchase of the airplanes in no way affects the strategic equilibrium of the region, and that it is strange that efforts are being made to make Ecuador look like a country that promotes an arms race.

President Appoints General Head of State-Owned Oil Firm

PY2512174095 Quito Voz de Los Andes in Spanish 2300 GMT 22 Dec 95

[FBIS Translated Text] The Ecuadoran Government has decided to completely reorganize the Ecuadoran state oil company in view of deficiencies at the managerial and operational levels.

According to a communique issued by the president's press secretariat, Ecuadoran President Sixto Duran-Ballen has ordered the complete reorganization of Petroecuador [Ecuadoran State Petroleum Enterprise], its management complex, and all of its branches.

The communique adds that this decision seeks to reorganize Petroecuador from the leadership down with the objective of overcoming a series of deficiencies that have been detected.

Petroecuador produces 330,000 of the 380,000 barrels of oil that Ecuador produces per day at the national level. Foreign oil companies operating in Ecuador produce 50,000 barrels of oil per day.

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The communique states that the president has accepted the resignation of the managers of Petrocomercial, Petroindustrial, and Petroproduccion, all of which are Petroecuador subsidiaries.

Duran-Ballen has also accepted the resignation of Petroecuador Manager Federico Veintimilla, and has appointed General Patricio Lopez as his replacement.

Cedatos Clarifies Referendum Result Differences

96SM0030B Guayaquil EL UNIVERSO "SUNDAY" SECTION in Spanish 10 Dec 95 pp 1, 15

[FBIS Translated Text] Dr. Angel Polibio Cordova, the director of Cedatos [Ecuadoran Data Company], expressed surprise about the statement of INEC [National Institute of Statistics and Census] and of Senacom [National Secretariat of Social Communications], that his organization allegedly manipulated information from the 26 November exit poll. This is an inexplicable position orchestrated by these two government institutions which, without any proper foundation, without mentioning the reliable source of the data, based on an inhouse memo from a Senacom employee (whose text, though not released, has already been made public), and without taking into account the potential consequences of this position, have launched an attack against Cedatos.

Dr. Cordova said that Cedatos conducted the exit poll on Sunday, 26 November and gave the results to the media that very day, first at 1730, and then, reporting information from some polling sites which had not been included in the first count, at 2200 on that same day, Sunday, 26 November. These data were published in all the media, and are the only ones from the exit poll.

However, Polibio Cordova said that Senacom had, quite surprisingly, released the results of its "own" exit poll, of whose existence we [Cedatos] were unaware; according to this, the "yes" vote won on a national level or tied with the "no" vote on several questions. This official statement which appeared on the first page of a highly respectable Guayaquil newspaper disconcerted the media and other national sectors, which asked for our position on this matter. In response, we confirmed the data from our 26 November exit poll, once again using the computerized system which had already been released in the media, without making any modifications or adjustments in that information. That computerized version, which Mr. Navarro of Senacom did not allow to be installed in the Senacom computers, is the information that is in the hands of the television channels and of the media, and its results were given officially and personally to the Secretary of Communications; that is the only version of the exit poll; no other version exists, said the Cedatos director.

Still, he said, in view of the evident concern in the nation as a result of the official version of the results of the Referendum which gave the victory to the "yes" vote, or a tie with the "no" vote on several questions, we went back to the information from each of the Provincial Election Tribunals, in order to estimate the results of the Referendum based on this information, independently of the exit poll. These estimates were sent to the media with a letter addressed to the director of each member of the media (a copy of which is attached), stating exhaustively that... "These estimates are based on the results provided by the Provincial Election Tribunals for the ballot counting conducted up to 29 November. For the Amazon region provinces, except for Napo province, the data from the 26 November exit poll are included, because of the impossibility of obtaining information from the election tribunals. For the province of Guayas, the information from the Provincial Tribunal corresponds to 35 percent of the Election Boards." The same letter added: "As may be seen, the estimates confirm the trends observed in the first results which Cedatos issued on the day of the election, with an advantage for the "no" vote over the "yes" vote in the 11 questions of the Referendum." Senacom and INEC inexplicably omitted this clarification and specific information on the source of the estimates, said Dr. Cordova.

The Cedatos director announced that as the directors of INEC and the Senacom officials held a press conference to give their version of this matter, accusing and seriously slandering Cedatos and distorting, for some unknown reason, the reality of the facts, out of respect for the nation and in order to protect the prestige of this institution, he will immediately invite the media to a press conference in order to clarify the situation exhaustively, which will in no way preclude initiating appropriate actions against those who are maliciously attempting to attack the well earned prestige of this institution.

Indian Soldiers Trained as Parachutists

96SM0030A Quito EL COMERCIO in Spanish 16 Nov 95 p C14

[FBIS Translated Text] Puyo, Ecuadoradio. This is the first time there has been such a large graduating class: nearly 100 Iwias soldiers have completed the parachute training course, and are now ready for airborne missions.

The Iwias are part of one of the Army's elite groups: their name comes from the Shuar language, and means "forest devils." They distinguished themselves in the military conflict with Peru in the upper regions of the Cenepa River, in Morona-Santiago province.

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Their unit was created after the conflict in Paquisha in the mountains of El Condor in Zamora-Chinchipe province in 1981, when the Army Command realized that they needed to train soldiers capable of successfully carrying out military operations in the Amazon rainforest.

The now retired Colonel Gonzalo Barragan was responsible for the creation of this group, for which he recruited Indians whose ancestors had lived in that area.

Responding to the recruitment drive were Quichuas, Achuar, and most of all Shuar peoples, who enlisted and were trained in the Efypne [Native Soldiers Training School] of the Pastaza Forest Brigade, the homeland of the Iwias.

Until the Cenepa conflict, the Iwias had troops only in the Pastaza Brigade's Special Operations Company. Their task was to master the forest environment, using traditional offensive and defensive methods.

They were also instructed in the use of modern high-tech weapons, along with military tactics appropriate for their theater of operations.

Because of the importance of their mission in defending our national sovereignty and integrity, the Army Command has decided to strengthen the Iwias.

So the 23rd Iwia BEOES [Special Operations School Battalion] was created, combining the special operations companies of the Napo, Pastaza, and Condor Forest brigades.

"Our training is rigorous and difficult, like the environment in which we carry out our missions," said the BEOES commander, Lieutenant Colonel Paco Medina.

To become paratroopers, the Iwias were given an intensive four-week training program, course 141, in the "Patria" Special Forces School.

"During this program there was no time to rest, and their spirit and character were shaped even more intensively in order to withstand the difficult tasks they may have to face as soldiers," commented Medina.

The commander of the Fourth Amazon Forest Division, Carlos Calle, spoke at the graduation ceremony. He believes the region is being strengthened by this military group.

"After this course, the valor, courage, and spirit of our new paratroopers are stronger; that gives us security and we are pleased with the results." The military leader commented that the soldiers are engaged in an ongoing process of preparation, training, and advancement in order to upgrade the action of their units.

"This is a priority for us; we are concentrating our professional efforts on this, no matter what our national problems may be," particularly in relation to the most recent political events in Ecuador.

The Amazon Forest Division was created three months ago as part of an expansion of the military administration, not as a result of the unconventional military conflict with Peru.

Recognition of the Arutam

Like the Iwias soldiers, another outstanding group during the Alto Cenepa conflict was the Arutam. In Shuar, their name means "all-powerful god, benefactor who drives away evil spirits."

The Arutam group was composed of civilian citizens from the Shuar, Achuar, and Shiwiar ethnic groups. They were given special training in military missions, which was combined with their extensive knowledge of the traditional methods used by their peoples.

Because of their contribution to the nation, the commanding general of the Army, Paco Moncayo, gave them special recognition in the name of the Armed Forces "for their contributions in the difficult moments which they had to face."

Elias Papue said that the Arutum have legally organized for the well being of all their former combattants; 60 are professional soldiers.

The organization received a War Bond on behalf of those who fought in the Cenepa conflict. "The Arutam had three direct contacts with Peruvian soldiers, and in all of them they were victorious." "The smell of the forest, sudden flights of birds, even trampled vegetation informed us of the enemy's presence," said Papue.

"My people will be ready to take up arms again, if that is what Ecuador needs."

Paraguay

President Reviews Year's Events in Christmas Speech

PY2612212495 Asuncion ABC COLOR in Spanish 25 Dec 95 pp 2, 3

[FBIS Translated Text] As a Christmas message, the president of the Republic, Juan Carlos Wasmosy, on the evening of 24 December delivered an anodyne, insubstantial, and noncritical speech on our country's political and socioeconomic situation. The president broadly reviewed this year's various events. He failed to mention the serious economic crisis prompted by the corruption of financial circles. The message emphasizes a

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new style of making politics, enhancing dialogue and agreement as a way of overcoming the disagreements between the government and our country's political parties. Among his administration's achievements, Wasmosy specifically mentioned the renewal of the judicial branch, the organization of the electoral courts, and the measures to put the banking and financial system on a sound footing.

The chief executive noted that the celebration of the Christmas season also represents a favorable time to ponder on this year's various events. He stressed: "In this regard, we must admit that, as it is obvious, there were agreements and disagreements and that some people calmly and firmly upheld their beliefs while other people sometimes became angry concerning alleged misunderstandings or disagreements."

Wasmosy considered it unnecessary to describe our country's problems, but defined his responsibility, emphasizing that these problems have been lingering for many years, without a visible solution. He also believed the occasion was not appropriate for giving an account of his administration's achievements, but used the opportunity to criticize the media for not publicizing these achievements.

A New Style for Making Politics

The president especially emphasized the new style of making politics that was implemented from the very beginning by his administration to overcome the problems and disagreements between the government and the political parties. He said: "We learned to hold talks and reconcile our disagreements. During the negotiations, when we sought a solution to our country's most pressing problems; all the sectors had an opportunity to participate. Only those sectors that disqualified themselves did not participate."

The Struggle Against Corruption

Moving on, the president mentioned the government's struggle against poverty, backwardness, marginality, corruption, injustice, and arrogance. Nevertheless, he added that this task not only concerns the government, but the entire community, forming a united battle front, without fissures.

Wasmosy rejected real or unreal disagreements among the community's various sectors and expressed his hope of definitely overcoming useless contentions. He noted: "These contentions usually exhaust men in useless battles. In the struggle to achieve progress, there can be no derelictions or hesitation."

The president pointed out that, when the national interest is at stake, it is necessary to leave aside dogmatism and disagreements.

Historic Period

The chief executive also noted that this is a historic period that will significantly sway our domestic activities. He added: "We are clearly aware of the things that must be changed, improved, eliminated, or created to make headway in the struggle against backwardness and illiteracy."

The president emphasized his sincere and fervent hope of jointly, without any exclusions or discrimination, achieving the benefits of civilization, culture, well-being, prosperity, and especially, peaceful coexistence for the peace symbolized by the Child of Bethlehem to prevail.

Moving on in his Christmas speech, President Wasmosy emphasized the achievement of renewing the judicial branch and organizing the electoral courts. In his opinion, this was the main achievement of a policy involving agreement and dialogue with the opposition during his 1995 administration.

The president also noted that the appropriate measures were taken to put the banking and financial system on a sound footing, but the people affected by the fraud committed by the bankers have thus far been unable to recover their savings and deposits.

Wasmosy also noted that the government has initiated the privatization of the state-owned enterprises to modernize the state and enhance the social development program.

Nevertheless, the year is ending without the privatization of any other deficit-laden state-owned enterprise, except for LAPSA [Paraguayan Airlines, Inc.]. The government has been unable to overcome the resistance raised by the politicians, especially the Colorado Party politicians who are against the policy involving the privatization of the state's deficit-laden enterprises.

The president also indicated that the government is opening Paraguay's gates to the world. He emphasized that not only have we integrated our country into a regional bloc of nations as the Mercosur [Common Market of the South], but we are also members of an interregional cooperation agreement with the EU, which includes nations of the highest economic, social, political, and cultural level.

Upon asking for cooperation, effort, understanding, and patience to achieve the common goal of a grand, prosperous, and happy Paraguay, the president pointed

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out: "We are creating a favorable setting for attracting investments, which represents an essential condition for battling unemployment and improving the standard of living of our population."

PLRA President Delivers End-of-Year Speech

PY2612213695 Asuncion ULTIMA HORA in Spanish 23 Dec 95 p 3

[FBIS Translated Text] In his end-of-the-year speech at the Hotel del Paraguay, PLRA [Authentic Radical Liberal Party] President Domingo Laino this morning asked for support and national agreement in the struggle against poverty.

Laino noted: "We know poverty is tough and resilient, but we know it is possible to overcome it. Nowadays we have the possibility of promoting a society with a cooperative and equitable spirit and with a common idea of social development. Why not responsibly consider the possibility of jointly working for achieving the goals of creating employment, encouraging solidarity, and openly and directly battling against poverty?"

The politician emphasized: "It is not possible to deny that we are experiencing imbalances in the Republic of Paraguay. The economic, financial, cultural, political, and social imbalances represent an obvious sign of our society."

Moving on, Laino pointed out that it is necessary to reform the state. He emphasized: "There can be no ideological excuses for challenging a new perception of the state. The state's unavoidable social duties require imagination, change, and a new course. It is imperative to build an equitable state, based on basic justice and equal opportunities, a state that will promote sustainable growth, growth with distribution and not distribution without growth."

He added: "We require a state that will concentrate its efforts in social investments and in effectively assisting the most vulnerable groups. We require a state that will fully grasp its duty of giving everyone an opportunity of gaining access to education and employment. In a nutshell, we require a state that will guarantee the basic conditions required for our citizens to lead an honorable life."

Moving on, Laino pointed out: "It is imperative to reject the modernization proposals raised by some neoconservative ideologists, involving the concentration of funds, proposals that actually are responsible for the increasing social apartheid. It is necessary to encourage serious international cooperation. We have to implement a style marked by an agreeable attitude, definitely leaving aside the idea of a challenge between poor and rich countries. It is necessary to achieve free cooperation, without any coercion or hegemonies."

Laino also said education is of paramount importance in the struggle against poverty. He pointed out: "Production, progress, and future rely on knowledge and our country cannot ignore this fact. Education is of paramount importance for the new society we want to build. Therefore, the government must view this issue as an element of national security and not subject it to the market laws."

Ex-Criminal Judge Installed as Interior Vice Minister

PY2612212695 Asuncion ULTIMA HORA in Spanish 23 Dec 95 pp 32, 33

[FBIS Translated Excerpt] Cristobal Ramon Sanchez Diaz, a former criminal judge, has been installed as the new interior vice minister, replacing attorney Mario Vidal Berdejo, who has become an Interior Ministry Political Department adviser.

During the installation ceremony, Interior Minister Diogenes Martinez noted that this change has been implemented because it was necessary to create the political department that will now be occupied by Vidal Berdejo, who soon will run for Concepcion mayor.

The interior minister also explained that, by making these changes, the government wants "to reinforce the sensitive area of citizens' security." [passage omitted]

Peru

'Sources': Ecuador 'Leaked' Data on Kfir Purchase

PY2712023295 Madrid EFE in Spanish 1559 GMT 26 Dec 95

[FBIS Translated Text] Lima, 26 Dec (EFE) — Peruvian military sources reported today that Ecuador intends to potentiate its Air Force and is studying how it can reactivate a request for 50 engines for its planes through middlemen.

The sources added that the Ecuadoran military leadership "wants Peru to launch an arms race so that Ecuador may be spared from the difficult and dangerous task of purchasing or recovering equipment through underground operations."

They added that it is with this objective in mind that the Ecuadorans leaked information about the purchase of the Kfir planes from Israel, promoted an atmosphere of diplomatic disturbance, and want Peru to purchase weapons and ships so that Ecuador will appear to be a victim.

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The sources stated that during the Peruvian-Ecuadoran war at the beginning of the year, a representative from the U.S.-based General Electric Company met in a Quito hotel with a high-ranking official of a company involved in arms trafficking and in the sale of plane spare parts.

According to what the sources reported to Peruvian newspaper EXPRESO, the Ecuadoran plan at the time, which is now in the process of being reinstated, consisted in resorting to the arms trafficker to obtain 50 General Electric engines.

A Peruvian military source has reported: "The arms trafficker was supposed to use a complicated third-party purchase operation so that neither the country of origin nor the destiny of the engines would be known."

These engines weigh 1,740 kg and may be used by both Kfir C-2 planes as well as by other planes.

Spokesmen have asserted that Ecuador intends to use these engines to equip planes that have been put out of service and thus build an important reserve.

They added: "All this is part of the Ecuadoran strategy: Ecuador disseminates reports at the international level about the loss of airplanes in training operations or clashes with the purpose of justifying the purchase of new units to replace the ones they lost."

The sources said that while the reports are disseminated, Ecuador dismantles the damaged — not destroyed — planes to pretend that they are inoperative when in fact they are repaired, new engines are installed and its combat squadrons are potentiated.

Peru currently has 458 planes, of which 338 belong to the Air Force (FAP), 71 to the Army, and 49 to the Navy. Ecuador has registered a total of 250: 190 belonging to the FAE [Ecuadoran Air Force] and 60 to the other branches of the Armed Forces.

Peruvian military sources stated that this balance of war materiel does not include the four Kfir combat planes equipped with U.S. engines that Ecuador has requested from Israel.

Last week, the United States confirmed the authorization for the sale of the Israeli planes which caused the widespread criticism of Peruvian officials while the Peruvian ambassador to Washington was summoned for consultations as a sign of protest.

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